CANADIAN INVESTMENT OPPORTUNITIES FEATURED

The COMMERCIAL and FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

Volume 183 Number 5520 New York 7, N. Y., Thursday, March 29, 1956 Price 40 Cents a Copy

EDITORIAL

As We See It

An American college professor, it seems, recently delivered a lecture in which he gave some of his ideas about what he calls American capitalism and the impressions foreign peoples have of it. The President of the United States was so pleased with what the professor had to say that he had the State Department make a summary of the lecture and caused this version of the professor's thoughts to be widely disseminated.

Here are a few sentences from that summary:

"There are few people who will stand for capitalism in Europe or in Asia; rather they stand for corporatism, the economic ideology which was put forth originally by Mussolini, * * *. Corporatism rejects capitalism as unfair and unjust; for the same reason, collectivists reject it.

* * *

"'Free enterprise' to the European means unregulated, unrestricted by law, leaving the capitalist free to exploit."

And more of the same sort, indicating that the American system is but poorly regarded in Europe and elsewhere abroad. If the professor is right then *laissez-faire* is quite out of fashion abroad. Notions which are essentially collectivist and totalitarian have rather completely replaced those which Adam Smith and a long line of other economists and social philosophers so successfully promulgated in the eighteenth, nineteenth and early twentieth centuries. This seems in truth to be the fact. We hardly need one to rise from the dead to tell us of it. Neither is it particularly new to us that foreigners for the most part have little liking and less understanding of the American system.

What troubles us is a persistent doubt as to

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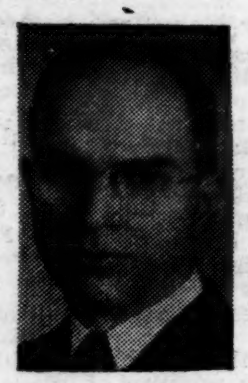
Trends in Utility Financing

By HAROLD H. YOUNG*
Vice-President, Eastman, Dillon & Co., N. Y. City

Prominent investment dealer finds public utility bond improvement has, in turn, improved lower rated issues and narrowed the Aaa and Baa bond spread, and long-term common stock outlook is good due to combination of new—institutional—money sources and use of retained earnings. Mr. Young favors: (1) maximum 50% debt ratio; (2) minimum stock ratio mean of 35%; (3) dividend payout policy of 75% of available earnings; (4) use of underwriters and small commission payment for their efforts in rights; (5) negotiated deals in preference to competitive bidding; (6) stock dividend and splitting to keep common stock prices attractive, and (7) discusses the dividend opinion about convertible and income debentures over preferred stock issues.

The urgency and pressure of the postwar period has been removed. Whereas financing plans were sometimes influenced by expediency while the atmosphere of feverishness prevailed, it is now possible to stand back and look at problems more objectively. I think it would be appropriate to view some of the financial plans, programs and procedures with an analytical eye and, accordingly, I am going to touch on a number of matters of interest in connection with financing and stockholders' relations. I want to say that I realize fully that opinions vary as to many of the matters I shall discuss. When I am voicing an opinion, it will be my own and should not be accepted as a composite opinion of people in the financial community. I hope to give you the pros and cons on some of the more controversial matters so you can draw your own conclusions. As the backdrop of the discussion, I start out with brief comments on the markets at the moment. Bond



Harold H. Young

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*An address by Mr. Young before the Twenty-third Annual Conference, Southeastern Electric Exchange, Boca Raton, Fla., March 14, 1956.

Canada: Haven for Blue Chip and Enterprise Capital

By IRA U. COBLEIGH
Enterprise Economist

Analysis of current and prospective economic trends, along with completely revised tabular record of long-term consecutive dividend payers, underscore high investment quality of Canadian equities. Forward progress of nation's diverse industries made possible by Canada's sound investment and financial climate. Vast network of market facilities available to investors.

Canada, the third largest country in the world, continues to grow and flourish fabulously. 1955 was a wonderful Canadian year for almost everyone but the farmer and the coal miner; and 1956 is starting off with big projects under way, and big profitability in prospect.

In transportation, Canadian Pacific Railway last year marked its 74th Anniversary with the introduction of a stainless steel scenic-dome transcontinental express "The Canadian" which runs from Montreal to Vancouver in less than three days. A hundred new diesels were added; and two new branch lines opened up. And on sea, the launching of the new 26,000 ton liner "Empress of Britain" will add a super-luxury Atlantic greyhound to an already renowned fleet. In the air, a new flight of Brittanias ordered, with turbo props, will whisk 100 passengers non-stop from Vancouver to Amsterdam in a paltry 12 hours.

On the government owned Canadian National Railways, the line to Kitimat was finished a year ago; and there is a $35 million new line a-building, running 325 miles north from Montreal to

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PICTURES IN THIS ISSUE—Candid shots taken at the Annual Dinner of the Toronto Bond Traders Association start on page 36 and continue through page 50.

The Security I Like Best

A continuous forum in which, each week, a different group of experts in the investment and advisory field from all sections of the country participate and give their reasons for favoring a particular security.

(The articles contained in this forum are not intended to be, nor are they to be regarded, as an offer to sell the securities discussed.)

This Week's Forum Participants and Their Selections

RANSOM EDWARDS
General Investing Corp.,
New York City

Security National Bank of Huntington, Long Island

As conservative vehicles for capital gains, I have always liked the stocks of well-managed progressive banks situated in areas that are growing in population and economic wealth. Nassau County on New York's Long Island, has for a number of years, experienced a rate of expansion, industrially and population-wise, far and away beyond that of the national average. For this reason, Nassau County and its famous bank, The Franklin National Bank, serve as an excellent example of the great investment potential in the stocks of banks situated in growth areas.

Ransom R. Edwards

In 15 years, the Franklin National Bank's total resources have grown from $6 million to $430 million, a growth of over 7,000%. Twenty shares of stock of the Franklin National Bank bought in 1940 for $1,000 are currently worth over $250,000. Banking provides communities and industry with the economic blood upon which they feed. The stocks of well managed banks in growth areas provide the safest media for capital gains.

I like the stock of the Franklin National Bank for its promise of continued growth and expanding earnings. However, Franklin National is not the stock I like BEST.

The stock I like best is that of the **Security National Bank**, formerly known as the First Suffolk National Bank, the largest bank in Suffolk County. Its growth cycle since 1950 has paralleled that of the Franklin National in its earlier years of growth. At the close of 1949, Security National Bank had total resources of $5.7 million; in the next four years ending Dec. 31, 1955 total resources increased 1,640% to over $101 million. The Franklin National Bank started off its growth cycle at a slower pace in the four years between the end of 1941 and 1946. Franklin's total resources rose from $5.7 million to $21.5 million—a gain of 275%. In the next five years ending in December, 1950 Franklin's resources recorded a gain of about 265%.

What gains will be achieved by Security National Bank in its second five-year lap which ends in 1960? No one of course now knows the answer, but, I would like to go on record in predicting that the gain will be substantial, and will compare favorably with the pace that has been set by the Franklin National Bank of Nassau.

Suffolk County's Growth Potential

Since 1950, Suffolk County, adjoining Nassau to the east on Long Island, is exhibiting growth symptoms quite similar to those of Nassau, which started on its growth cycle in 1940. Until quite recently, Suffolk County was very largely an agricultural area. In the last four years, population and industry treking into Suffolk County has changed its character almost completely.

The stockholders of Security National Bank have already begun to feel the impact of Suffolk's growth. Two shares of Security National Bank which in 1950-1951 had a market value of about $1,300 are currently represented by 136 shares worth more than $6,000. This is probably only the beginning of a long-term period of growth.

Because the future growth and earning potential of Security National Bank is closely related to the population and industrial growth of Suffolk County, the future of Suffolk County is a more important consideration in appraising the future of Security National Bank than the usual yardsticks that are customarily used to measure the value of bank stocks.

Population

The New York State Department of Health's revised estimate gives Suffolk County a population of 408,659 in 1955. The Long Island Lighting Company places the present population at 472,000. Since 1950 the population has grown close to 150%. Suffolk added over 12% in population in 1955. Some statisticians are predicting a population of 720,000 by 1975.

According to Dun & Bradstreet, business growth in Suffolk County over the past seven years exceeded that of Nassau County. The 7,179 companies currently rated by Dun & Bradstreet are over 131% higher than the 5,466 of January, 1949. Thirty-three new firms entered Suffolk County last year.

Industry

A number of nationally important companies are already established in Suffolk. For example, Republic Aviation Corporation plans to center its $12 million research and development program in a plant at Farmingdale. When completed, it will bring Republic's total plant area in the County to a total of 2.8 million square feet.

The Grumman Aircraft Engineering Corporation recently completed a new plant at Calverton, where an up-to-the-minute airport provides top facilities for testing jet aircraft. Fairchild Engine & Airplane Corporation has two plants in Suffolk and is building a third. Airborne Instrument Laboratories is completing a new plant in South Huntington which is expected to employ 1,500.

The Brookhaven National Laboratories, located near Riverhead, employs 3,000, and expansion of its operations, "Atoms for Peace," is expected to eventually provide employment for 10,000 workers.

High Income Area

Nassau and Suffolk is a high income area. In the earning brackets above $4,000 the area's showing is far ahead of the national average. As a consequence, it is a good spending area as witness retail sales figures. These for the year 1955 will be approximately a billion and a half dollars.

Retail sales for Suffolk County jumped 186% over a six-year period, according to a Census of business for 1954 just released by the Census Bureau. The last such survey was made in 1948. The number of retail establishments increased 117% in the period, compared with a 6.6% decline for New York State as a whole.

Under construction at West Babylon is one of the largest shopping centers in the east, expected to do a $100 million annual retail business. The Security National Bank will have an office at this center, which will be equipped with multiple drive-in lanes to service autoists.

Suffolk County Looks Ahead

To provide electric service to Nassau and Suffolk, the Long Island Lighting Company doubled its output in the last four years and will again double it in the next five. The construction of a $180 million electric power plant is planned for Northport in Suffolk County.

Long range plans for Suffolk County include making Port Jefferson a deep water port for ocean-going cargo vessels and the establishment of an oil terminal at Jacobs Point for the accommodation of ocean-going tankers. New York's master planner of highways, Robert T. Moses, foresees a 28-mile span of steel supporting a super highway directly connecting Port Jefferson, Suffolk County, Long Island, with the New England states via Bridgeport, Conn.

It is not necessary for me to elaborate on what the realization of this long range planning will mean to Suffolk County and particularly the Security National Bank.

Security Has Twelve Offices

The Security National Bank's main office is in Huntington. In addition, it presently operates 11 other offices, which are located in Amityville, Lindenhurst, Babylon, Center Moriches, Eastport, Rocky Point, Port Jefferson, Port Jefferson Station, East Northport, Northport and Islip.

Three new offices have been approved for Copiague, West Babylon and Shirley. These offices will be opened during the current year, bringing the total number of banking offices up to 15.

Like the Franklin National Bank, Security National Bank has achieved a goodly portion of its recent growth through mergers. The Franklin National ended 1955 with 20 offices. Security National had 12 offices at the year-end, excluding the three new offices approved for opening in 1956.

Security National Bank at the beginning of 1955 ranked 506th in deposits among the nation's 14,000 commercial banks. By the end of 1955, it had climbed in rank to about 248th place.

The 1955 year-end financial statement showed total assets of $101 million — deposits of $92.6 million, and capital funds of $6.8 million. A year ago, total assets were $44.6 million—deposits $40.7 million, and capital funds, $2.9 million.

Gross earnings for the year ending Dec. 31, 1955 amounted to $3 million, of which $1.8 million represents interest earned on loans. Deducting operating expenses of $2.1 million, and provision of $297,400 for income taxes, left net earnings from operation of $584,246 with $162,914 profit on sale of investments, bringing the net profits for the year after taxes to $747,160. Net profits per share on the average number of shares outstanding during 1955 were $4.50 which compared with $3.65 for 1954.

The policy of Security National is to re-invest earnings back into the business where they can be compounded for the benefit of

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Private Electric Power Gains And Two-Party Socialism

By HARLLEE BRANCH, JR.*
President, Edison Electric Institute
President, Georgia Power Company

Utilities trade association head charges electric power socialization "continues . . . regardless of which party is in power" and in spite of, admittedly, "a number of favorable developments." Mr. Branch questions the "almost endless political attack" in view of the industry's performance in: (1) raising total capacity to 87 million kilowatts, leaving an 18% reserve generating capacity margin over peak demand; (2) investing $3 billion annually which will rise in the coming years; (3) reducing kilowatt electric charges while government costs measured by taxes rose 70%; (4) contributing 1955 tax revenues of $1½ billion; and (5) unceasing modernization and technological progress. The Georgia Power President reveals 44 utilities joined together to construct seven large and medium, and two small atomic reactors.

I have chosen to discuss "Power and Politics"—not for the purpose of engaging in a political harangue which would be completely out of place on an occasion such as this, but in order to review some of the spectacular gains made by the electric industry in recent months despite continuous political attacks and for the purpose of poinung out how the future of our industry will be affected by decisions which the American electorate will make in the political year of 1956.

Harllee Branch, Jr.

"Time" magazine, as you know, selects for the cover picture of its first issue each year a "Man of the Year," thus recognizing the group as well as the individual considered by its editors to have made the outstanding contribution to special progress and public welfare during the preceding 12 months. It is significant, I think, that, instead of a politician, a statesman, a social reformer, or even a military or scientific leader, the editors this year selected a American industrialist —Mr. Harlow Curtice, of General Motors. Mr. Curtice was chosen because he personified the great contribution to world progress made by our competitive free-enterprise system and because "Time's" editors considered that contribution the most significant event of 1955. "Time" said: "In 1955 this new order of the world —the free competitive, expanding American economy — not only showed the world the way to a plenty undreamed of a few years ago, it was also the keystone of the defense of the West against the Communist world. Because the United States was strong the West was strong, and more prosperous than it had ever been."

Utilities Lack Government Support

This new peak of prestige for our free enterprise economy was reached under the leadership of a national administration which has dared, despite the sniping of demagogues and divisionists, to take a reasonably sympathetic rather than a suspicious and hobbling attitude toward business and businessmen. However, while a proper concern has been shown for the problems of business and industry in general, nevertheless I think it must be admitted that some appointive and elective officials have displayed a remarkably indifferent and indecisive attitude toward one of the most important segments of American industry, namely, the electric utilities.

I ask myself and I ask you why the electric industry should today be treated as a political stepchild by anyone in either of our two great political parties.

If our industry had been backward or negligent in fulfilling its obligations to the American people; if through lack of foresight or prudent planning it had proved itself to be a drag on the American economy; if it had engaged in rendering a service of doubtful social value, then such an attitude would be justified and understandable. But none of these considerations apply. I do not claim, of course, that all of the men and women in the electric industry have always been either wise or good or generous. Nor can that claim be made for your own businesses or professions or for any other human enterprise, including governments. But I do say that our industry has met and is meeting the power needs of America with efficiency and economy just as it did under the emergency conditions of World War II when one government official said of our electric companies: "When we asked them for power we got **power** and not, thank God, alibis!"

Rate of Growth

Since World War II the free enterprise electric industry has

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*An address by Mr. Branch, Jr., before the 18th Annual Meeting, American Power Conference, Chicago, Ill., March 21, 1956.

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Articles and News

CANADA
HAVEN FOR BLUE CHIP AND ENTERPRISE CAPITAL

Article starting on the cover page "Canada: Haven for Blue Chip and Enterprise Capital" discusses the investment opportunities inherent in Canadian securities and, by way of documentation of the thesis, includes a tabulation of the banks and companies listed on the Canadian Exchanges which have paid consecutive cash dividends from 10 to 127 years (Table I) and from 5 to 10 years (Table II), along with other data of interest to investors.

Regular Features

Published Twice Weekly

The COMMERCIAL and FINANCIAL CHRONICLE

Reg. U. S. Patent Office

WILLIAM B. DANA COMPANY, Publishers
25 Park Place, New York 7, N. Y.
REctor 2-9570 to 9576

HERBERT D. SEIBERT, Editor & Publisher
WILLIAM DANA SEIBERT, President

Thursday, March 29, 1956

Every Thursday (general news and advertising issue) and every Monday (complete statistical issue — market quotation records, corporation news, bank clearings, state and city news, etc.).

Other Offices: 135 South La Salle St., Chicago 3, Ill. (Telephone STate 2-0613); 1 Drapers' Gardens, London, E. C. England. c/o Edwards & Smith.

Reentered as second-class matter February 25, 1942, at the post office at New York, N. Y., under the Act of March 8, 1879.

Subscription Rates

Subscriptions in United States, U. S. Possessions, Territories and Members of Pan-American Union, $60.00 per year; in Dominion of Canada, $63.00 per year. Other Countries, $67.00 per year.

Other Publications

Bank and Quotation Record — Monthly, $40.00 per year. (Foreign postage extra.)

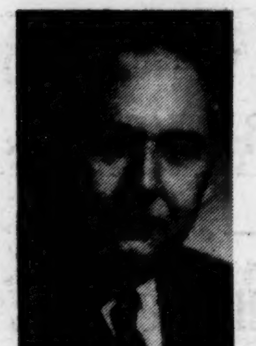
Note—On account of the fluctuations in the rate of exchange, remittances for foreign subscriptions and advertisements must be made in New York funds.

Prospects of Air Line Industry For Passenger and Cargo Traffic

By W. A. PATTERSON*
President, United Air Lines, Inc.

United Airlines President compares the air industry to surface transportation and breaks down the anticipated 10% 1965 increase in inter-city travel and revenue passenger miles to show 86% air travel projected increase and 27% rail and bus decrease. Mr. Patterson announces an industry 331 airplane $450 million procurement order for 1956-1958, and a 110 jet future domestic order for subsequent 1958 delivery. Sound, economically justifiable jet investment is depicted including the jet's capacity of not obsolescing as rapidly as non-jet planes. Optimistic long haul passenger future is contrasted with expected cargo traffic, and conclusion is drawn that airplanes will be built to fit existing airports rather than the other way around. Mr. Patterson is disturbed about the decisions—and job qualifications—of the Civil Aeronautics Board.

In making any plans for a 10-year period, and to advise you what the airline industry is going to do about it, of course, requires a basic economic study. And of course, we have gone through the motions and we think we know what the demand will be between the period of 1955 and 1965.



W. A. Patterson

It might be of interest to you to know how we see it. We figure, for example, that the Gross National Product, which was $387 billion in 1955 will be $525 billion in 1965; or an increase of 36%.

We forecast the total inter-city travel and the revenue passenger miles at 66 billion for 1965 compared to 60 billion; or an increase of 10%. Out of that we anticipate that air travel, strictly domestic revenue passenger miles, which were approximately 20 billion in 1955 will be 37 billion in 1965; or an increase of 86%. Surface travel, rail and bus, 1955, was 40 billion. We take it upon ourselves, rather presumptuously to predict that it will be 29 billion, or a decrease of 27% in 1965.

Now, of course, we have our method, as others probably have and probably use the same technique, but we anticipate inter-city travel at about 18 miles per $100 of Gross National Product, which is adjusted from time to time based on the value of the dollar. That gives us our total travel; and following that we, of course, anticipate what penetration we will make to the surface form of transportation.

Now, with that market, we add this period from 1955 to 1965, and it was necessary to anticipate when it would happen, what equipment should be ordered, what lift we should provide.

There was one factor that was not known in late 1953, that prevented us from making our plans. And that was: Where is the jet, and when will it come?

We could not very well order or provide equipment for this 10-year period until that question was answered. Well, it was answered when the Boeing Airplane Company built what they called the 707; a four-engine jet transport. It is really a tanker for the military. There is a case of where military planning more or less sets our planning. That airplane was flown very successfully. It answered many questions that we as operators had not been able to answer for ourselves. That definitely established the jet.

The next question was: When will it be delivered? That was established as 1959. Now in the meantime we could see that our market was going to be expanding between 1955 and 1959.

The question was then: Are we going to satisfy that demand for those three or four years or are we going to bury our heads in the sand and let that business go by and wait for the jet?

Non-Jet Plane Orders

The industry decided that they were going to provide the equipment. So for the period from 1956, '57 and '58, there are 331 transport airplanes on order; and they will be delivered, many this year and next, and a few in 1958.

There are about 103 DC-7's. There are about 74 DC-6-B's; 11 cargo liners—I would like you to keep that figure in mind because I will refer to it later—42 Constellations, and 10 Lockheed cargo liners. There are about 19 Convairs and 72 Viscounts, the turboprop airplane now used and in operation on Capital Airlines.

So that takes care of the demands; a total of 331 airplanes with a value of $425 million that are on order being delivered to satisfy the volume of business we anticipate between now and the so-called jet-age.

Jet Plane Orders

And, of course, we come to the jet. There are 102 jet airplanes on order; and with the order recently placed, I believe now we have 110 jets on order. That is strictly for domestic. There are about 184 jet airplanes ordered to date for the entire world coverage. And the Lockheed Electra—that is a turboprop, designed by Lockheed, with an Allison engine—that engine is still in the process of development; however, there are orders for 104 of those.

The specifications of the Douglas DC-8, and the 707 are approximately the same. I might just mention to you the power plant is four Pratt and Whitney J-57 engines, with about 10,000 pounds thrust. . . . This may be of interest to you: the power in the jet and the usefulness of the jet. Heretofore, we have been fighting obsolescence. The engineering, technical and scientific developments have been such that our airplanes have become obsolete as a result of improvement. I think and I believe anyone who will analyze this carefully will realize, that the jet will not become as obsolete as quickly as airplanes in the past. This may be a 15- or 20-year airplane—but conservatively, a 15-year airplane. And the reason for that is that most of the obsolescence has been speed. Both the Boeing and the Douglas airplanes come up to the barrier of sound. Now, I do not believe there is anyone in the industry today who is going to worry about penetrating the barrier of sound commercially. It has been done in the military. It certainly is necessary in the military; but the economics of going through the barrier of sound to give you that added speed is something that no industry could stand financially, economically, and survive.

Let me give you an example: I have mentioned that this engine is 10,000 pounds thrust. There is another engine, the J-75, that will follow shortly, with 14,000 or 15,000 pounds thrust. By applying that added power to this airplane you gain approximately one mile an hour. So the speed and the power required to take you through the barrier of sound just cannot be justified economically. However, you will, through that

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*An address by Mr. Patterson before the annual meeting of the Transportation Association of America, Inc.

The State of Trade and Industry

Steel Production
Electric Output
Carloadings
Retail Trade
Commodity Price Index
Food Price Index
Auto Production
Business Failures

Total industrial production for the nation-at-large in the period ended on Wednesday of last week approached the level of the preceding week and was moderately higher than a year ago.

Slight reductions occurred in the output of steel, coal and lumber.

Initial claims for unemployment insurance benefits declined 5%, but were 5% higher than a year ago. Claims decreased among automotive, construction and electrical machinery workers. Pennsylvania, California and Michigan reported the most noticable reductions in unemployment.

The Government reported declines in unemployment across the country.

The Labor Department's Bureau of Employment Security said first claims for state jobless pay dropped by 20,500 to 209,900 in the week ended March 17. The decline in initial claims, which reflect layoffs, was reported by 30 states and according to the Bureau of Employment Security was largely due to better weather conditions.

First claims for unemployment compensation benefits a year earlier totaled 209,925.

In the week ended March 10, the total of workers drawing jobless pay declined by 15,000 to 1,504,500. The total a year ago was 1,721,100.

This week Secretary of Labor Mitchell predicted a "relatively brisk pickup" in job opportunities across the country from now to mid-May.

This outlook, he pointed out, based on businessmen's current production plans, holds true in all but 19 of the nation's 149 major labor market areas. The forecast was based on the latest findings of the regular bi-monthly survey made by the United States Department of Labor's Bureau of Employment Security.

According to the agency's calculations, seasonal employment expansion in such activities as construction, lumbering and food processing will pace the expected rise in job opportunities. Employment gains are also expected in most durable goods industries, and small to moderate hiring increases were foreseen in metal working, furniture, chemicals and petroleum refining.

The report even predicted "a small net gain" in employment between now and mid-May in the auto industry, where producers and supplies have laid off some 100,000 workers since the first of the year.

Two of the most sensitive spots in the steel market picture this week centered around prices and labor according to "The Iron Age," national metalworking weekly.

It is evident that some producers wish to push steel prices higher now, stating that more income from sales is needed to help finance an urgently-needed expansion program.

An exchange between one steel producer and the president of the steelworkers' union over the inflationary effects of union gains, this trade weekly points out, has touched off renewed speculation over outcome of steel labor negotiations this spring.

Meanwhile, the steel market gives no sign of faltering despite spot weaknesses in some products and some consuming areas. The flurry over prices and labor, it adds, is likely to prompt consumers to step up their buying in the hope of building inventory as a hedge against price rises and labor trouble.

While Detroit is blowing hot and cold, depending on the product involved, the overall trend in steel demand is up. During the last 10 days, steel order volume has been running 15 to 30% ahead of shipments. Steel output this month will approach the 11,000,000 ton mark, something that would have been considered fantastic several years ago, continues this trade authority.

Despite this all-out production, the mills have made little or no headway against heavy backlogs. The scramble for a favored position on mill order books involves industry generally, but it is most apparent in the case of freight car builders and the car makers.

The trend in scrap prices continues upward as inclement weather and strong demand force mills to bid higher for the available supply, concludes "The Iron Age."

In the automotive industry the East Coast storm could be blamed last week for a slight drop in United States automobile production. "Ward's Automotive Reports," stated on Friday last.

The industry slipped to an output of 129,947 cars, about 1% below the 131,000-plus pace established in the first three weeks of March.

The snow deluge in the East impeded assembly on Monday at plants in this area.

Chrysler Corp., American Motors and Studebaker-Packard, with no assembly points in the East, scheduled upswings in production the past week "Ward's" stated.

On a year-to-date basis, 1956 is running 15 working days behind 1955 at the current rate of automobile production. "Ward's" estimated the year's car output through the past week at 1,612,967 units compared with 1,997,923 at the same time in 1955.

This Thursday (Mar. 29), the 2,000,000 vehicle (car or truck) of 1956 will roll from a United States factory. Last year the milestone occurred Mar. 18.

Canada's automotive industry turned out vehicles last week near last year's record level with production expected to total 12,651 units, said "Ward's"—10,320 cars and 2,331 trucks. The

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Observations . . .

By A. WILFRED MAY

CORPORATE FINANCE ON THE WASHINGTON FRONT

The future of key areas in the world of finance are about to be importantly affected by their imminent "processing" in Washington. Such matters range from the scope of securities regulation that is deemed applicable, to the access afforded small business to the capital markets.

A. Wilfred May

How Broad the Regulation?

Another milestone in the fixing of the boundaries of the breadth of securities regulation is shortly to be reached. When Federal regulation of investment practices was undertaken with the New Deal's advent in 1933, its scope, mainly to accord with the Constitutional exigencies "of the time," was limited to those activities concerned with interstate commerce. For this purpose the stock exchanges were made the focal point for the application of the provisions of the basic Securities and Exchange Act of 1934. And under these legal exigencies, the framers of the legislation through the years left unlisted issues untouched by the statute's main provisions. Accordingly, the distinction between the degree of regulation applied to exchange-listed and to over-the-counter issues was clear-cut, with "the unlisted issues on exchanges," (as the New York Curb of the time) left in a hybrid status.

Now with the passage of time and the acquisition of Constitutional "flexibility" through the courts, whether to subject unlisted issues, to regulation or not, is a question to be resolved by desirability, rather than the legal factors. And thus is it that under the pending Fulbright Bill, companies whose issues are unlisted would for the first time be subjected to the provisions of the Securities Exchange Act regulating financial reporting, proxy solicitation and insider trading disclosure.

This Fulbright Bill has now been reported by the Banking and Currency Committee's sub-committee up to the full Committee, which is awaiting an advisory report, due shortly after April 1st from the SEC. The House, with a companion bill, is, in turn, awaiting the Senate's action.

Amending the Regulations

Another important matter coming up for attention, although not action, is possible technical amending of the various regulatory statutes, principally the Securities Act of 1933 and the Securities Exchange Act of 1934. The SEC is compiling non-controversial amendments, for improved enforcement, which the Fulbright Committee will probably use as a springboard for promoting some of its own ideas. Because of the present legislative timetable, it may be assumed that nothing controversial on these lines will come forth on the statute books.

Those Intriguing Institutional Questions

The long planned inquiry into institutional investing, which area has elicited the particular interest of Senator Lehman, the Banking and Currency sub-Committee's present Chairman, since the start of last spring's hearings, is now "in the works." The staff is busily collating all available relevent data from insurance companies and pension funds. It will come up with minute studies, including the relation of institutional orders to total volume and to the action of the market at a particular time. It will endeavor to assay that intriguing question of the impact, actual and potential, exerted by the mutual funds. The growing influence of the personal trusts will also be surveyed.

Very importantly, the Study has undertaken the quite grandiose task of studying whether there is any effective relationship between pension and other institutional funds on the one hand, and industrial management on the other.

Proxy Progress

New regulation of the highlighted proxy practices has been and will continue to be adopted both at the instigation of the SEC and the Senate Banking and Currency Committee.

After much discussion, agitation, and revision, the Commission adopted new rules last Jan. 17. Subsequently, Chairman Armstrong has indicated the Commission favoring of a further change to give its administrative power to issue stop-orders against solicitation that embodies violations.

The pending Fulbright Bill does not alter the rules, merely, as described hereinabove, extending the already-existing requirements to unlisted issues. And the Capehart Bill is similarly confined to requiring 5% instead of 10% holders to disclose their holdings under section 16 of the Securities Exchange Act, which would have the sole effect of giving of the information.

Hence it is important that at the conclusion of the Fulbright Bill hearings, to hold the intended additional hearings, to carry on those uncompleted last year, regarding broad and general changes in the proxy rules.

It is complained in some quarters that the SEC's rules constitute "neither fish nor fowl"; that they should either compel full disclosure or none. Others charge the Commission with ineffectiveness in the use of its discretion in deciding whether to permit individual stockholder proposals to be included in the proxy soliciting statement. Operating under the established rule that a proposal is excludable if it is concerned with a subject which is properly a prerogative of management, the Commission is accused of unduly putting the burden of proof to the contrary on the proposing stockholder, and thus of favoring management.

Regulation Ideals vs. "Small Business"

In the area of corporate financing, particularly in the satisfaction of capital requirements by the country's "small business," the Commission and the Congress are also actively engaged in resolving details about exemptions from the statutory requirements in the case of little issues.

Under revised amendment proposed by the SEC to its Regulation A under the Securities Act, applying to the public offering of new issues of $300,000 or under: if at least 50% of the issue is not sold within six months, 85% of the proceeds shall be refunded; it being assumed that the remaining 15% will be devoted to reimbursement for distribution expenses incurred. This newly recognized need for the provision for the reimbursement of expenses differentiates it from the previous proposals.

These new suggestions contain special requirements applicable to so-called "promotional" companies. The former original proposals of July, 1955 provided that domestic and Canadian issuers must qualify their securities for sale under the state or provincial "blue sky" laws in the state or province of their principal business operations. Now this provision is abandoned, excepting for Canadian issuers. The prohibition against the availability of the exemption in connection with secondary offerings would be retained as originally proposed.

With respect to sales literature used in connection with the offering of securities by "promotional" companies, it was originally provided that only the offering circular and limited advertisements such as of the "tombstone" variety would be permitted. This proposal would be retained, but, subject to filing with the Commission, such reports as are normally sent to securities holders will also be permissible.

"In the Middle"

In wrestling with these exemption provisions, the SEC policy makers, in the framework of aiding the filling of the need for access to the capital markets through securities sales by small business, find themselves "in the "middle." On the one hand, there are those who are loath to make the anti-fraud provisions too restrictive; and on the other hand, the "purists" who say they do not go far enough in following fully the statute's registration requirements.

The latter philosophy is actually manifested in the legislation introduced by Congressman Bennett of Michigan. Last April he introduced a measure (HR 5701) proposing to eliminate all exemptions, repealing the Act's sec. 3B entirely; and thus requiring the full registration of *all* issues.

Since this bill's apparent abandonment following hearings on it last Fall, Mr. Bennett has followed it with a second bill (HR 9319), (introduced Feb. 16 last). This, applied to all issues of whatever size, would provide for civil liabilities in the event of false statements; and would cover small stock offerings now exempted under 3-B.

Those favoring such tightening legislation, assuming that the small buyers purchase the small issues, maintain that the citizen with $1,000 to invest is entitled to the same protection as is the big buyer.

In opposition to this extreme view, and favoring moderate exemption, the Commission feels that small business must be aided in raising capital; that protection is afforded by the State Blue Sky Laws; that the securities industry is effectively regulating itself; and that the basic philosophy of the securities statutes contemplates exemption of small issues.

Specifically the Commission feels that to extend Section 11's liabilities, as is proposed by the second Bennett Bill, would in effect be tantamount to requiring full registration, since the seller would feel it necessary to give all details required under registration. Thus, in effect all exemptions would be vitiated.

Hearings on this Bill are scheduled for April 10 before the House Committee on Interstate and Foreign Commerce; where the SEC and other witnesses, pro and con, will testify.

The best guess may very well be that the exemption question will be settled finally in a middle-of-the-road compromise between the above-mentioned extreme viewpoints.

Fabulous Fiber Glass

By IRA U. COBLEIGH
Enterprise Economist

Some reflections on the most expanding segment of the glass industry, fiber glass; and a brief glance at three classy glass companies, whose growth prospects appear crystal clear.

Glass is one of the oldest materials known to man. The old boys in the Cave used to make pretty shining baubles out of obsidian (a natural glass, the product of volcanic action); then they picked up rock crystals, made of colorless quartz. As man got more civilized, he applied fire and color; and the Egyptians, 3500 years ago, turned out some fancy opaque glass. The Romans made hollow ware and small windows; and by 100 A.D. stained glass appeared. For the next 400 years, Venice was the headquarters for glass craftsmen. Coming to America, the first cargo exported to England, in 1608, included glass of American manufacture. By the middle 1800's, this expanding industry had shifted to Pennsylvania, West Virginia and Ohio (to be nearer the coal needed for fuel). Here it has grown to vast proportions, and pours out plate and window glass for stores, buildings and homes, railway cars, buses and passenger cars; plus containers and housewares in myriad forms and shapes.

Ira U. Cobleigh

But enough of this historical review of silicated transparency. We were going to talk about the child, not the parent. The child is quite young. Nobody even heard about fiber glass till after the Great Depression. After some years of research, a practical process for making glass fibers was perfected jointly by *Corning Glass Works* and *Owens-Illinois Glass Co.* and in 1938 *Owens-Corning Fiberglas Corp.* (½ owned by each) was formed to continue their research and to manufacture and sell fiber glass. It was no big thing at the time with total sales in 1939 of only $3.6 million; moving forward to around $12 million for 1941. Fiber glass really caught on during the war, however, primarily for ship and aircraft insulation; and Owens-Corning Fiberglas Corp. racked up total sales of $58 million in 1944. After the war there was a period of slippage and readjustment, which dipped the sales total to $33 million for 1946. Meanwhile, research was bringing forth many new peacetime uses for this lightweight, virtually fireproof, corrosion and moistureproof material.

Today you'll find fiber glass in washable curtains that dry in minutes, and require no pressing; upholstery fabrics; flexible and long lasting screening for porch, door, and window; awnings, and fishing poles; auto tops and bodies; aqua planes; insulations of every sort; pipes, joints, fittings and gaskets.

And, increasingly, glass fibers are being applied as a reinforcer for chemically produced plastics creating, in some instances, a product as strong as steel and workable as wood. There can be no doubt that this section of the glass industry has an exciting future, and presents unique opportunities for long-range speculation. Let's look at the top three in the trade.

In the brief history of this young industry given above, we mentioned *Owens-Corning Fiberglas Corp.* That was not only natural, but inevitable, since, until 1947, this company had no competition. It had the early patents, first entry into the business, and the funds for the relatively large original capital investment required for research and manufacture. Although, as we shall note, other resourceful companies are now in the field, Owens-Corning still accounts for about 80% of total industry sales. Its largest business is in Fiberglas wool, applied, in various weights, for insulation in the housing, automotive and aircraft trades. Filters for air conditioning and heating systems are increasing in importance. Textile products, wire and pipe insulations, and plastic reinforcement elements round out the line.

The buyer for cash dividend yield does not find much to chew on here, but for growth fanciers this situation is a copy book model — high price-earnings ratio, heavy net earnings retention and plowback, and frequent issuance of multiple stock dividends. There was a 4-for-1 split in 1950; a 3-for-1 split in 1951, and a 2-for-1 split announced recently. 1955 cash dividend was $1 a share, which could easily be delivered on twice the number now outstanding, on the basis of the $3.48 net (old stock) for last year.

Marketwise, the stock has performed quite brilliantly rising from a low of 50 in 1954 to 124 today. Among investment trusts specializing in growth shares OCF (listed NYSE) is quite a favorite; and up to now this one has been the prestige company in the industry. Gross was up 18%, and net up 40%, for 1955, over the preceding year. This is the kind of earnings curve in response to which common stocks are accustomed to rise.

L. O. F. Glass Fibers Company was formed in late 1954 to take over the Fiber Glass and Corrulux divisions of Libby-Owens-Ford Glass Company; and on March 1, 1955 it acquired by merger Glass Fibers, Inc. The latter organization had important patents and great technical competence but lacked adequate financial resources and effective distribution facilities. The merger, however, brought to the combined enterprise the money, management and merchandising talents and outlets of Libby-Owens-Ford (which retains 53% stock control) and now places L. O. F. Fibers in a powerful competitive position.

L. O. F. Fibers makes very fine blanket-type insulations, textile yarns, industrial and electrical insulation, mats and wrappings, machinery mountings, and materials for packaging and fiber glass reinforced plastic panels. The product list is constantly expanding.

With just over a year of merged operation to go on, it seems safe to conclude that (1) for the calendar year 1956, net sales should advance substantially past the $18,273,496 recorded last year and (2) per share net should move well beyond the meager 24c delivered in 1955. The common (2,621,785 shares outstanding) sold at 18⅝ right after the merger. It's 26 today, and if you are willing to forego cash dividends for a while, the progress and plowback may, in due course, reward your patience with a rising trend in market price.

The third glass fiber company we had in mind was *Gustin-Bacon*. The stock has been a spectacular performer, moving from a 1954 low of 15, to around 76 today. Our task is therefore to perceive the cause of this dramatic price gain, and to appraise this romantic equity in the light of its present and prospective profitability.

Gustin-Bacon is no newcomer. Its business began back in 1903; but most of the growth has taken place in recent years. The company produces and markets lightweight fiber glass insulating products under the trade names Ultrafine and Ultralite; plastic bonded fiber mats for automotive use; Rolagrip and Gruvagrip pipe couplings and G-B Flexite air brake gaskets. Its pipe insulation is highly regarded for its lightweight, tensile strength and ease of installation.

Gustin-Bacon stresses research, and is now in process of adding to its research headquarters, and experimental equipment; and placing all laboratory and product development facilities at one central location.

Perhaps the most exciting new product Gustin-Bacon is at work on, is a plastic pipe reinforced with fiber glass. This has been developed in cooperation with *Minnesota Mining & Manufacturing Company*. Under an agreement, made in 1953, Minnesota Mining acquired the patents for this pipe, and covenants to pay royalties to Gustin-Bacon, with the latter privileged, as well, to produce and merchandise the pipe. The technical advantages of plastic-fiber glass pipes, over metal ones, are impressive — lighter weight, far greater strength and complete corrosion resistance.

The results of Gustin-Bacon for its fiscal year (ending Sept. 30, 1955) provide a lot of substance for the rapid rise in the common. For the year sales were up 42% and net after taxes 73% over the preceding year. Per share net has advanced from 74c in 1952, to $2.60 for 1955.

727,800 shares of common are outstanding. This total was reached by virtue of a 4-for-1 split in March 1952, followed by a 150% stock dividend; plus 121,300 new shares offered to stockholders in April, 1952. Whereas there may be some feeling (especially among those who missed it lower down) that Gustin-Bacon common has gotten ahead of itself marketwise, the bright prospects of this company, especially in fiber glass pipe, and the phenomenal rate of its earnings growth in the past two years, should certainly discourage any bear raids on this scintillating equity.

By way of conclusion, the experts expect the fiber glass industry to gross $1½ billion by 1960. In this bulging expansion, the companies cited today are bound to have a generous share; and if you are not allergic to high price-earnings multiples, and low cash dividends, you may well find the potential for capital gains here somewhat alluring.

Fulkerson Named by NY Mun. Bond Club

W. Neal Fulkerson, Jr., Vice-President of Bankers Trust Co., has been nominated for President of the Municipal Bond Club of New York to serve for the club's fiscal year 1956-57, it was announced. Nomination is tantamount to election, which will take place at the organization's annual meeting at the Westchester County Club, Rye, N. Y., on Friday June 1.

W. Neal Fulkerson, Jr.

Mr. Fulkerson will succeed Monroe V. Poole, of Geo. B. Gibbons & Co., Inc.

Wilbur M. Merritt, of The First Boston Corporation, has been nominated as Vice-President of the Club; Gerald W. Brewster, of F. S. Moseley & Co., as Secretary, and Frank E. Carter Jr., of Equitable Securities Corporation, as Treasurer.

James F. Gilbert, of Hornblower & Weeks, and Charles F. Kavanagh, of Bacon, Stevenson & Co., were named to serve of the Board of Governors for a term of three years, and Mr. Poole was nominated for a one-year term as a Governor.

Members of the Club's nominating committee are Jonas C. Andersen, of Kuhn, Loeb & Co., Chairman; Reginald M. Schmidt, of Blyth & Co., Inc., and E. Norman Peterson, of Equitable Securities Corporation.

Chicago Analysts to Hear

CHICAGO, Ill. — Augustus C. Long, President of the Texas Company, will address the luncheon meeting of the Investment Analysts Society of Chicago March 29 at 12:15 p.m. at the Midland Hotel.

Importance of Equity Investments

By GERALD M. LOEB*

Partner, E. F. Hutton & Company, New York City

Distinguished security broker foresees "no real, sound money on the horizon" and reminds college finance majors that though it took stocks a long time to recover from 1929, the value of money "never came back." Mr. Loeb advises shifting into equities, and believes: (1) popularization of equities will find stock investments as wide-spread as savings accounts and insurance; (2) dangerous *not* to own stocks; and (3) a broker gives better advice than a banker or counsellor lawyer.

You students soon will be entering the world of security investment. It has changed drastically since the day when I began some 35 years ago. I believe the change has been unquestionably for the good of investors. And the place of the stock broker has altered enormously, elevating quite high in standard and public opinion. There are four vital factors you should bear in mind while shaping your careers: (1) Be proud of your profession and conduct yourself accordingly. (2) Learn to count in value units—not just "money." (3) Prepare to see equity investment become as widespread as savings accounts and insurance. (4) Think more in terms of today and tomorrow—not yesterday.

G. M. Loeb

True Broker Defined

At the outset I wish to point out that I carefully differentiate between an investment banker, a security salesman, and a stock broker. I am a stock broker. To me the term is synonymous with being an agent or at times even a trustee. An investment banker ordinarily is a wholesaler who buys securities at wholesale and sells them directly or indirectly at retail. A security salesman simply sells the securities owned by the firm for which he works. But a true broker doesn't wholesale or retail anything, nor does he sell any security owned by his firm. He is an agent who goes out and fills an order for the client to buy or sell at a commission. I know that in actual practice today these terms and others are used loosely and interchangeably. As I use the term, broker, I mean "broker" in the dictionary sense and in no other way.

Years ago, the broker was simply a means of filling an order. These orders came from relatively sophisticated, wealthy, and informed sources or from gamblers who were putting the legitimate machinery of the financial world to improper use.

Investment Counsellor

Today, the stock broker has evolved into a type of investment counsellor. His financial position is important. His ability to transmit and fill orders and finance them is important. However, his major importance is his ability to advise his client on investment matters. This means that his research department is important and his contacts are important. But, above all, the essential qualification is his ability to interpret what he learns in a practical, everyday market sense.

Most of us look with respect on the help we receive from our family doctor. It is just as important to have a knowing, reliable family broker. Physical health and financial health are very closely related. The modern field of psychosomatic diagnosis proves that — if it needs any proof. The stock broker's role, therefore, has grown in importance and will grow even more in the future. It stems from the necessarily ever-widening circle of security investors created by a better understanding of what fluctuating dollars and increasing taxes mean. Equity investments held by savings banks, insurance companies and pension funds are beginning to prove to the masses that equities have a place in everyone's savings program. The stock broker's increased prestige also stems from his own growing up and realization of his new responsibilities.

I may hold a prejudiced view, but I think that a good broker can give better advice than a good banker or counsellor lawyer. I believe this because the broker is more in the middle of things. He is not trying to advise from a remote observation post.

To my mind, a broker can be a good advisor only if he maintains the position of a true and unbiased broker. As long as he does this, he can be in fact, in law and in spirit a true agent and trustee of his client.

A good broker, from a career standpoint, derives another great advantage, this time inuring to his direct personal benefit. In a manner of speaking he is in a position to do well for himself investing his own money on a full-time basis, as compared to men in other fields who have to make a spare time job of investing or get someone else to do it for them.

The "big change" in security investment practices today is the current re-realization that the value of money is forever changing and for sometime now in the direction of losing value. Sound security investment policy favors dollar obligations in times of sound money and shifts to equity shares in times when money is losing value, as it currently is.

Dangerous Not to Own Stocks

Security investment which, at the beginning of my career, was exclusively for the classes, is now accepted for the masses.

Generally speaking, bankers and lawyers, as well as dad, mom and the boss, have been cautioning against the "dangers" of buying stocks. **It is time now someone warned against the dangers of NOT owning stocks.**

The stock market crash of 1929 is still popular as a warning of what can happen to security investments. It has been a long time to wait, and to me **time** is an important investment factor, but it is true that stocks generally are worth more now than in 1929. Many individual stocks surpassed their 1929 tops in 1937—eight years after the break. Others did it in 1946. And still others last year.

Money vs. Stock Value Recovery

I would not be proud if I made an investment for you today and it took until 1992 for you to get even. All other things being equal, which of course they are not, $1 to you at average age of perhaps 21 today is of different value than it might be 36 years from now when you will be 57. But nevertheless stocks did come back from the 1929 crash even if it was a long time.

But what about money? It's former value **never** came back. You don't expect to hire a carpenter for what George Washington paid when he built Mount Vernon no matter how long you wait. In fact, history shows the longer you wait the less your money will be worth. Of course, we have had periods of rising money values and we will have such periods again. Right now, however, as far as I can see ahead, there is no real sound money on the horizon.

An important point for young investors or brokers-to-be is to be as watchful of fluctuating risks in cash, bonds, or insurance as you are cautious of losing money in the stock market.

We do not live in a riskless world. Let us admit that risks exist in everything we do and however we invest.

How much can you earn in the brokerage business? My experience, is that as you are dealing with money, pre-tax earnings should be above average. Your savings or inheritance can be managed on a long-term capital gains tax basis to better advantage than by those engaged in other pursuits.

Drawbacks might include the fact that the stock brokerage business is an ownership management business and fundamentally the capital for the business is supplied by the partners. In times past, one could lift oneself by one's own bootstraps saving enough to keep increasing one's participation in the firm. But now taxes make that rather difficult, though not impossible. There are no "management options" in the brokerage business as in the field of corporate endeavor.

*An address by Mr. Loeb to the finance majors in the Wharton School of Finance and Commerce, University of Pennsylvania, March 22, 1956.

Dealer-Broker Investment Recommendations & Literature

It is understood that the firms mentioned will be pleased to send interested parties the following literature:

Atomic Commentary—Semi-annual report on status of industry as of Dec. 31, 1955—Atomic Development Securities Co., Inc., Dept. C, 1033 Thirtieth Street, Northwest, Washington 7, D. C.

Atomic Energy Review—Late issue—Harris, Upham & Co., 120 Broadway, New York 5, N. Y.

Banks—Comparison of 22 leading banks outside New York City—Bulletin—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Base Metal Stocks—Outline of 59 issues—Draper Dobie & Company Ltd, 25 Adelaide Street, West, Toronto, Ont., Canada.

Building Industry—Reappraisal—in current issue of "Market Pointers"—Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y. Also in the same issue is a discussion of potentialities in **Copper** shares, a list of securities with sales leverage and a study of trends of industrial groupings. Also available is a discussion of "short interest" as a barometer of the market.

Business Expectations in the World Market—Dun & Bradstreet's 1956 International Business Expectations issue of "International Markets" featuring current dollar situation, imports and exports, local sales, local industrial activity, current inventories, and wholesale credits and collections—single copies $1.00 (one year subscription $5.00) — Department N 100, Dun & Bradstreet's International Markets, 99 Church Street, New York 8, N. Y.

Canadian Commercial Letter—Supplies up-to-the-minute facts on Canadian raw materials, finished products and sales possibilities, new industrial developments, and current commercial trends—Business Development Division, Canadian Bank of Commerce, 25 King Street, West, Toronto 1., Ont., Canada.

Canadian Economy—Monthly business review—Bank of Montreal, Montreal, Que., Canada or 64 Wall Street, New York 5, N. Y.

Canadian Forecaster—Weekly bulletin on Canadian Market picture—8 weeks' trial subscription, via airmail—$5.00—The Canadian Forecaster, Department A, 111 Railway Exchange Building, Kansas City, Mo.

Canadian Investment Bulletin — Monthly bulletin discussing significance of Canadian business developments, reviewing current industry trends from the standpoint of the investor and containing specific recommendations for investment—Ross, Knowles & Co. Ltd., 25 Adelaide Street, West, Toronto, Ont., Canada.

Canadian Market Letter—Fortnightly bulletin—Canadian Department, Bache & Co., 36 Wall Street, New York 5, N. Y. Also available is a bulletin on **Tidewater Associated Oil.**

Canadian Mining—Weekly publication providing contact with the mining fields of Canada — $7.50 per year; $4.50 six months—specimen copy on request—The Northern Miner, Toronto, Ont., Canada.

Canadians and the Development of Canada—Reprints of two addresses—Gairdner & Company Limited, 320 Bay Street, Toronto, Ont., Canada.

Investors' Digest—Monthly bulletin on Canadian investment markets—Wills, Bickle & Company, 44 King Street, West, Toronto 1, Ont., Canada.

Japanese Stocks — Current information — Yamaichi Securities Co., Ltd., 111 Broadway, New York 7, N. Y.

Japan's Motion Picture Industry—Analysis in current issue of "Investors Beacon"—Nomura Securities Co., Ltd., 61 Broadway, New York 6, N. Y. and 1-chome, Tori, Nihonbashi, Chuo-ku, Tokyo, Japan. Also in the same issue is a discussion on Amending Foregin Investment Law and Japan's Six-Year Economic Program.

Natural Gas Producers—Bulletin—G. A. Saxton & Co., Inc., 70 Pine Street, New York 5, N. Y. Also available is a bulletin on **Indiana Gas & Water Company.**

Over-the-Counter Index—Folder showing an up-to-date comparison between the listed industrial stocks used in the Dow-Jones Averages and the 35 over-the-counter industrial stocks used in the National Quotation Bureau Averages, both as to yield and market performance over a 13-year period — National Quotation Bureau, Inc., 46 Front Street, New York 4, N. Y.

Rails—Discussion in April Investment Letter—J. R. Williston & Co., 115 Broadway, New York 6, N. Y.

Toronto Stock Exchange—Monthly bulletin showing essential trading data on all issues listed—Toronto Stock Exchange, 234 Bay Street, Toronto, Ont., Canada.

Treasuries as a Market Indicator—Bulletin—Park, Ryan, Inc., 70 Pine Street, New York 5, N. Y.

West Coast Oil Industry — Report — Dean Witter & Co., 45 Montgomery Street, San Francisco 6, Calif.

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Alco Products, Inc.—Bulletin—Edward A. Purcell & Co., 50 Broadway, New York 4, N. Y.

American Automobile Insurance Co.—Memorandum—Hornblower & Weeks, 40 Wall Street, New York 5, N. Y.

American Tractor Corporation—Report—De Witt Conklin Organization, 100 Broadway, New York 5, N. Y. Also available is a report on **Lanolin Plus, Inc., Eastern Industries** and **Canadian Williston Minerals, Ltd.**

Baltimore & Ohio Railroad—Analysis—R. W. Pressprich & Co., 48 Wall Street, New York 5, N. Y.

Beneficial Finance Co. — Annual report — Beneficial Finance Co., Beneficial Building, Wilmington, Del.

Bridgeport Brass Company—Annual report—Bridgeport Brass Company, Bridgeport, Conn.

Cascade Natural Gas — Analysis — First California Company, 300 Montgomery Street, San Francisco 20, Calif.

Consolidated Denison Mines, Ltd.—Study—W. C. Pitfield & Co., Inc., 30 Broad Street, New York 4, N. Y.

Crocker Anglo National Bank—Memorandum—Hill Richards & Co., 621 South Spring Street, Los Angeles 14, Calif.

Diamond Match Company — Annual report — The Diamond Match Company, 122 East 42nd Street, New York 17, N. Y.

Elco Corp.—Memorandum—S. D. Fuller & Co., 39 Broadway, New York 6, N. Y.

General Electric Company—Annual report—General Electric, Department 2J-111, Schenectady, N. Y.

Guaranty Trust Company of New York—Analysis—New York Hanseatic Corporation, 120 Broadway, New York 5, N. Y.

Gulf Cities Gas Corporation—Analysis—Eisele & King, Libaire, Stout & Co., 50 Broadway, New York 4, N. Y.

Kalamazoo Vegetable Parchment Co.—Memorandum—Aetna Securities Corp., 111 Broadway, New York 6, N. Y.

Kokusaku Pulp—Analysis in current issue of "Weekly Stock Bulletin"—Nikko Securities Co., Ltd., 5, 1-chome, Kabuto-cho, Nihonbashi, Chuo-ku, Tokyo, Japan.

Loew's Inc.—Bulletin—Bruns, Nordeman & Co., 321 Broadway, New York 7, N. Y.

Longview Fibre Company—Report—La Salle Securities Co., 208 South La Salle Street, Chicago 4, Ill.

Marathon Corporation—Analysis—E. F. Hutton & Company, 61 Broadway, New York 6, N. Y. Also available is a memorandum on National Distillers Products Corp.

Merck & Co. — Memorandum — H. Hentz & Co., 60 Beaver Street, New York 4, N. Y. Also available are memoranda on **Rockwell Manufacturing Co. and Southern Co.**

Mohasco Industries Inc.—Memorandum—Kidder, Peabody & Co., 17 Wall Street, New York 5, N. Y.

National Distillers Products Corporation—Study—Glore, Forgan & Co., 40 Wall Street, New York 5, N. Y.

New York Capital Fund of Canada Ltd. — Report — Carl M. Loeb, Rhoades & Co., 42 Wall Street, New York 5, N. Y.

Olin Mathieson Chemical Corporation — Analysis — Gerstley, Sunstein & Co., 121 South Broad Street, Philadelphia 7, Pa.

Pacific Western Oil Corp.—Memorandum—Goodbody & Co., 115 Broadway, New York 6, N. Y.

Pan American World Airways—Memorandum—Walston & Co., 120 Broadway, New York 5, N. Y.

Pan American World Airways—Memorandum—Cady, Roberts & Co., 488 Madison Avenue, New York 22, N. Y.

Petroleum Corporation of America — Report — Thomson & McKinnon, 11 Wall Street, New York 5, N. Y.

Pyramid Life Insurance Co.—Analysis—Southern Investment Company, Incorporated, Johnston Bldg., Charlotte, N. C.

Quebec Chibougamau Goldfields Ltd. — Analysis — John B. Boland & Co., Inc., 30 Broad Street, New York 4, N. Y.

Rare Earth Mining Co., Ltd.—Data—James Anthony Securities Corporation, 37 Wall Street, New York 5, N. Y.

Richmond Homes, Inc.—Memorandum—Cruttenden & Co., 209 South La Salle Street, Chicago 4, Ill.

Riverside Cement Co.—New views—Lerner & Co., 10 Post Office Square, Boston 9, Mass.

Siegler Corporation—10-page report—William R. Staats & Co., 640 South Spring Street, Los Angeles 14, Calif.

Southern Natural Gas Company—Annual report—Secretary, Southern Natural Gas Company, Watts Building, Birmingham, Ala.

Spanish American Uranium Mines—Memorandum—Crerie & Co., Texas National Bank Building, Houston 2, Texas.

United States Plywood Corporation—Comprehensive analysis —Stanley Heller & Co., 30 Pine Street, New York 5, N. Y.

Valley Mould & Iron Corp.—Memorandum—First Cleveland Corporation, National City East Sixth Building, Cleveland 14, Ohio.

West Virginia Turnpike—Bulletin—Cutter, Plummer & Bennett, 30 Broad Street, New York 4, N. Y.

COMING EVENTS

In Investment Field

April 2-6, 1956 (Philadelphia, Pa.)
Institute of Investment Banking 4th annual session at University of Pennsylvania.

April 26-28, 1956 (Corpus Christi, Texas)
Texas Group of Investment Bankers Association annual meeting at the Hotel Driscoll.

April 27, 1956 (New York City)
Security Traders Association of New York 20th Annual Dinner at the Waldorf Astoria.

May 11, 1956 (Baltimore, Md.)
Baltimore Security Traders Association 21st Annual Spring Outing at the Country Club of Maryland.

May 20-24, 1956 (Boston, Mass.)
National Federation of Financial Analysts convention at the Sheraton Plaza.

June 1, 1956 (New York City)
Municipal Bond Club of New York outing at the Westchester Country Club.

June 8, 1956 (New York City)
Bond Club of New York summer outing at Sleepy Hollow Country Club, Scarborough, N.Y.

June 13-16, 1956 (Canada)
Investment Dealers' Association of Canada annual convention, Algonquin Hotel, St. Andrew-by-the-sea, N. B., Canada.

June 20-21, 1956 (Minneapolis-St. Paul)
Twin City Bond Club 35th annual picnic and outing cocktail party for out-of-town guests, June 20 at the Nicollet Hotel; picnic June 21 at the White Bear Yacht Club.

June 29, 1956 (Toledo, Ohio)
Bond Club of Toledo summer outing at Inverness Club.

Oct. 3-5, 1956 (Detroit, Mich.)
Association of Stock Exchange Firms meeting of Board of Governors.

Oct. 24-27, 1956 (Palm Springs, Calif.)
National Security Traders Association Annual Convention at the El Mirador Hotel.

Nov. 14, 1956 (New York City)
Association of Stock Exchange Firms meeting of Board of Governors.

Nov. 3-6, 1957 (Hot Springs, Va.)
National Security Traders Association Annual Convention.

Joins Goodbody Staff

(Special to THE FINANCIAL CHRONICLE)

ORLANDO, Fla. — Margery J. Bateman has joined the staff of Goodbody & Co., 127 North Main Street.

With Gerard Jobin

(Special to THE FINANCIAL CHRONICLE)

ST. PETERSBURG, Fla.—William A. Simmons has been connected with Gerard R. Jobin Investments Ltd., 242 Beach Drive.

The Canadian Adventure And Influencing Forces

By N. R. CRUMP*

President, Canadian Pacific Railway Company

After reviewing the role railroading played in Canadian development, Canadian Pacific head offers these observations: (1) Canadian population growth at higher rate than U. S.; (2) substantial demand for pulp, paper and forest products, non-ferrous metals; (3) growing prospect for base metals, oil, natural gas, electro-metallurgical processes and hydro-electric resources; (4) decade's investments to Gross National Product at 20%—a higher rate than the United States; and (5) Gross National Product, in constant dollars, rose 2½ times since 1938. Mr. Crump describes Canada as "unfinished business"; affected by its political and economic institutions; helped by strong foreign markets, capital availability, but at the mercy of foreign trade, capital flow—should it change adversely, and growth of big government, labor and business. Concludes with warning of moral and economic consequences of inflation in small doses.

I

Canadian Nationhood was the result not, as some seem to imagine, of a belated attempt to maintain British colonial influence in North America. Rather, the lusty and increasingly self-assured Canada of today is the consequence of the deliberate and conscious acts of free men who, some 89 years ago, were proud to call themselves Canadians and determined, despite overpowering obstacles, to build a nation of their own. Just as, a century before, your Founding Fathers embarked on the great American Adventure, so in 1867, Canada's Fathers of Confederation embarked on a no less desperate gamble — the task of building a nation in the face of British indifference of the day, and in the shadow of an American giant dedicated to a policy of national expansion which later, for a time, bore the ominous label of "Manifest Destiny."


N. R. Crump

The Canada of today, and the image which contemporary Canadian thought and action cast for the future, can best be understood in the perspective of the past. As a member of the Canadian Pacific enterprise and, indeed, as a citizen of Canada, I would be remiss in not giving proper emphasis to the role of railroading in the task of nation-building.

Imagine, if you will, the scattered and isolated colonies of what, less than a century ago, was British North America — Upper and Lower Canada, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland. Imagine, too, the seemingly impenetrable wilderness of rock and forest north of Lake Superior, the vast emptiness of the prairies and the frightening barrier of the Rocky Mountains, shutting off the settlers of British Columbia from the rest of the continent. Consider the geographic problems which such vast distances and unpeopled territories posed for Canada's nation builders—problems no less stupendous than those posed by the circumstances of politics.

Railroad's Role

Little wonder, then, that railways were destined to play a predominant role in the task of nation-building in Canada. Little wonder that Sir John A. MacDonald, Canada's first Prime Minister, understood how slim were the chances of bringing and holding together the political edifice which he sought to erect on the northern frontiers of an expanding, dynamic United States, unless first the transportation problem was solved.

Fortunate for Sir John A. MacDonald, and for those who followed in his footsteps, that men of vision and courage, versed in the art of railroading and understanding the role of capital, were at hand to share his dream of nationhood, and to accomplish under private enterprise the seemingly impossible task of constructing the first transcontinental railway — Canadian Pacific — to provide the new country which he sought to build with the economic underpinnings of transportation and communication. But for them, Canadian nationhood might never have been achieved and the history of the North American continent might have followed an entirely different course.

*An address by Mr. Crump before the Executives' Club of Chicago, Ill.

II

How far has Canada come in those 89 years since Confederation?

How far have we, your northern neighbors, still to go?

Nation-building, like railroading, is not the sort of enterprise to which one can, at some precise point in time, attach the label "Mission Accomplished." There is no such thing in railroading as "the last spike." Rather, railwaymen prefer to think in terms of the next advance in motive power, the next technological improvement in freight handling, the next achievement in better passenger service.

Canada, too, is still "unfinished business."

Accomplishments

Accomplishments up to the present time, however, foreshadow the character and role of the greater Canada of tomorrow.

Let me tell you, briefly, of some of those accomplishments.

The Canada of today is the unfinished product of the ideas of the Fathers of Confederation, of the achievement of the railroad builders, of the economic consequences of proximity to the United States, of the duality of racial origins tracing back to the British Isles and to France, and of the catalysing influence of a politico-economic heritage common to both Canadians and Americans.

Canadian sovereignty extends over territories occupying more than 3,500,000 square miles—some 600,000 square miles larger than the continental United States.

For Americans who like to measure bigness in terms of Texas, it may surprise some of you to know that Quebec alone is more than twice as large as the Panhandle State, and that two other Canadian provinces—British Columbia and Ontario—considerably exceed it in size.

From the United States borders to the shores of the Arctic Ocean, Canada's land area reaches northward some 1,700 miles. From Newfoundland on the East Coast to Vancouver Island in British Columbia, the distance is almost 4,500 miles.

This vast expanse of country, at the outbreak of World War II, was inhabited by only 12 million people. Today we number some 16 million and we are still growing.

Population

How fast we are growing will be apparent when I tell you that the current annual rate of population increase is in excess of 2½%, as compared with a growth rate of roughly 1¾% in the United States.

To put it another way, Canada's population today is 30% greater than it was 15 years ago. The population of the United States, over the same period, has increased by some 18%.

About half of Canada's 16 million people are of Anglo-Saxon origin. A third trace their racial origins to France. Many thousands have come from the United States. The rest are a hardy composite of peoples of German, Scandinavian, Dutch, Italian, Polish and Ukrainian origin.

III

What, you may ask, have Canadians accomplished in their scant 89 years of nationhood? What have been our material achievements, and what promise lies in our economic prospects?

Third Expansion

Canada today is in the midst of the third, and by far the greatest period of economic expansion in her history.

It is a period which differs markedly from the first great upsurge of growth which occurred at the turn of the century, when unprecedented immigration followed the opening up of the Prairie Provinces with the building of the first transcontinental railway. Then, for the first time, the Canadian economy ceased to be based exclusively on agriculture, the fisheries and natural resources, and began to show signs of industrial growth.

Unlike the '20s, which were marked mainly by the rapid expansion of mining and of the pulp and paper industry, the present upsurge appears to combine growth factors which, hitherto, have appeared only in isolation. Together, these several factors give greater breadth and depth to the foundations of Canadian progress than were apparent in earlier periods of advance.

World War II, while undoubtedly the point of departure for Canada's third great period of expansion, which is still in progress, can no longer properly be regarded as a significant factor in the sustained and indeed accelerating momentum of present economic growth. True, the war did much to stimulate growth in metals, chemicals, machine tools, aircraft and other industries. But the really significant considerations today are sustained demand for the products of the pulp and paper industry and for forest products, increased use of non-ferrous metals both for defense and for civilian purposes, and the decline of sources of cheaper supplies. This in turn has stimulated Canadian expansion and has encouraged widespread exploration with the best scientific equipment for the discovery of new resources. Intensive and systematic prospecting for base metals, oil and natural gas has reaped rich rewards. The extension of electro-metallurgical processes and increased demand from a score of industries have accelerated the development of hydro-electric resources, making profitable the use of waterpower hitherto too remote for economic development. Until comparatively recently, even wheat enjoyed a buoyant market.

Not only have conditions been favorable to exports but the development of the prairie oil fields has proceeded to the point of providing for about two-thirds of our greatly expanded domestic requirements, thereby relieving Canada of a substantial drain on her foreign exchange reserves. Similarly, iron ore is being uncovered to replace imports and provide new exports.

Capital Asset Formation

The creation of new capital assets ranks among the most significant factors in the last decade of Canadian progress. Of more than $40 billion of capital expenditures in the 10-year period 1946-1955, roughly a third has gone to increase productive capacity in primary industries and in manufacturing. Transportation, the utilities and commercial services account for a further 28%. A fifth has gone for residential construction, and the remaining 18½% represents government investment in public works and "social capital" outlays.

A steadily rising level of investment averaging, over a decade, one-fifth of Gross National Expenditure is, I think you will agree, a notable achievement. It is an achievement that is the more significant in that, since 1952, it roughly matches the peak investment ratio of the West German Republic, about which we have heard so much, and is substantially above the investment ratio of the United States which, I understand, is about one-seventh of Gross National Expenditure.

Even if allowance is made for the fact that something like 10% of Canadian investment over the last decade represents funds which have come from abroad, chiefly from the United States, the significant fact is that Canadians themselves have been channeling about 18% of their country's Gross National Expenditure into capital outlays designed to increase national productivity.

Output Increase

In the jargon of the economist, the measure of Canadian progress may be seen in Gross National Product which, in 1938, stood at $5.2 billion, as compared with 1955, when it soared above the $26 billion mark. If one wrings out the water of inflation, present output, measured in constant dollars, is 2½ times greater than in 1938, indicating a rate of economic growth substantially above that of the United States which,

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Investments the Bellwether In the Business Outlook

By IRA T. ELLIS*

Economist, E. I. du Pont de Nemours & Company

Du Pont's Economist opines 1956 over-all business may average somewhat higher than last year, an adjustment rather than growth year as in 1955, with business equipment and investment outlay to be the bellwhether. In addition, auto and housing decline is seen offset by the increased spending of Federal, state, local governments, and consumer consumption of non-durable goods and services. Mr. Ellis finds: (1) threat of overcapacity "is not very real"; (2) inventories are rapidly catching up; (3) commodity price trend is upward and consumer prices to remain unchanged; (4) 3.5% production growth rate to necessitate automation and investment to overcome short labor supply; (5) keener competition, and (6) encouraging long-term growth outlook with, perhaps, greater ability to keep cycles moderate.

Before considering the business year we may expect in 1956, let us look at 1955 and at some of the current business movements.

Any estimate of the business outlook must lean heavily on an analysis of where we have been recently, where we are now, and in what direction we are moving.

Ira T. Ellis

The year 1955 was the most prosperous year we have ever enjoyed. Employment was up two million from the year before. Unemployment averaged only 2.7 million, or around 4% of the labor force. Many people shifted from the unemployed to the employed group during the year. The reported average of unemployment does not represent the hard core of unemployment. Salary and wage rates rose to record levels. Prices of consumer goods averaged slightly lower than they were in 1954. The standard of living of the American people, therefore, rose to a new high in 1955, and it rose in each quarter of the year. The year was one of steady improvement.

Industrial production also rose in 1955. It was up 11% from 1954. We produced more steel and more cars than in any other year. We assembled almost eight million passenger cars, a total 44% above 1954 and 19% above the previous peak year, 1950. The chemical industry also had its greatest year in 1955, with sales of $23 billion, up 18% from 1954, its previous best year. The value of total construction put in place in the country last year was also a record, up 12% from 1954. Some of the most optimistic forecasts at the beginning of 1955 expected construction to rise by 7%.

But there were some danger signs late in the year. Business inventories at the year-end were up about $5 billion, almost 7%, from the year before. Although some of this rise reflected rising prices—as you well know—there was also a significant increase in physical inventories, particularly at wholesale and retail. Some of this rise may have been necessary to parallel the rise in business sales, but it should be remembered that inventory building is a **temporary** source of demand. It is the area of business investment that swings most quickly.

Mortgage debt, consumer credit, and business credit also rose sharply in 1955. Debt creation is stimulating, but it may also tend to unstabilize the economy. This statement is especially true if the borrowed funds come largely from commercial banks. In effect, they create the purchasing power. The situation is obviously not the same if funds are borrowed from savings banks, life insurance companies, savings and loan associations, or pension funds. These institutions must first accumulate savings of the people. If savings are to be put to work, usually someone must borrow them. Only relatively small amounts are used to purchase equity securities. The limit on new investment, therefore, is practically the limit of personal and business savings. It may be that we created private debt in 1955 at a rate which cannot be sustained, even though most of it represented the borrowing of true savings. This stimulation occurred in 1955, but the drag of repayment will be with us in 1956 and future years.

Now, what about the outlook? The year 1956 began at an extremely high business level, and I believe we are safe in expecting another good business year—always assuming no major increase in international tension, or in the temperature of the cold war.

The generally accepted business forecast currently is, that total business activity this year will rise 3% to 5% above the 1955 average. If this forecast is correct, the business level in 1956 will average very close to where it is now. While some industries, such as automobiles and housing, may decline somewhat from their high rate of activity last year—they are already down—there will be increases in other areas to offset such declines. Important increases in 1956 are expected in construction, business spending for equipment, consumers' spending for non-durable goods and services, and spending by state and local governments. The year 1956, therefore, is likely to be a year of adjustment rather than a year of steady growth, as occurred in 1955.

Sales of automobiles may be 6.5 million, down from 7.4 million last year. Truck sales will be about the same as last year. Such figures would exceed sales in any year except 1955, and possibly 1950.

Retail sales of passenger cars in January were only 5% below January, 1955. The much publicized decline in production which has occurred over the past six weeks reflects the end of the rapid build-up of new car inventories. It does not reflect weak sales in January or February.

The number of housing starts in 1956 may be 1.2 million, compared with 1.33 million in 1955. Housing credit was probably unnecessarily easy in 1955. Credit terms will be more moderate in 1956.

Automobiles and housing provided important support for the rise in economic activity last year. If they are not to be so active in 1956, what will take their places?

The principal support for business activity in this country is always purchases by individuals. They buy around two-thirds of all the goods and services produced in the country—what economists call the Gross National Product. The balance goes largely to the various levels of government, to business investment in the form of buildings, equipment, and inventories, and to individuals in the form of investment in residential construction.

Spending by individuals in 1956 will be somewhat higher than it was in 1955 because incomes and employment will be higher. Personal income is now about 7% above the level of a year ago. Increases in salary and wage rates will occur in 1956—some have already been announced. Since people spend about 92% of their income after taxes—the balance is saved—the expected increase in income should again result in increases in personal spending. Our standard of living has been rising in recent years, I believe it will rise further in 1956.

There may be a small rise in government purchases, particularly at the state and local level. Such purchases have been rising at a rate of about $2 billion a year recently, largely for construction and operation of schools, roads, and other state institutions, and for public welfare. We must build more schools and more roads. Federal purchases may rise slightly in 1956.

But the really big news in 1956 in support of a high rate of business activity seems likely to come from business investment. Manufacturing industries may spend 30% more this year than they did in 1955. Spending for commercial structures and equipment — warehouses, stores, etc. — may rise by 10%. Among particular manufacturing industries, iron and steel may spend 70% more, the automobile industry may spend 65% more, and the chemical industry may spend 35% more.

Spending for construction is important, not only because it adds to the nation's productive capacity, but also because investment is stimulating in our private enterprise economy. Large construction projects undertaken by industries take many months, even years, to complete. They represent long-term commitments by management. Once they are started, they are rarely stopped, even though minor business fluctuations may occur. After they are completed, these projects provide increased employment opportunities as operating labor is substituted for construction labor.

Note that not all of the business spending for investment will represent expansion. Much of it will cover replacement of worn out facilities or the purchase of better equipment. The threat of over capacity generally is not very real. Our economy is growing in size and in variety. New products from our laboratories require new investment.

There may also be further growth in inventory in 1956, particularly during the first half year. Business sales have risen faster than inventories over the past year, but inventories are now rapidly catching up.

Wholesale prices have been rising since last June, particularly prices of metals and metal products, and of rubber. Chemical prices on the average have shown little change over the past year, in fact over the past 28 months. Farm product prices have been declining recently although they did rise slightly in the latest month reported. There will probably be less price increase in commodities in general in 1956 than there was in 1955. Rubber and steel scrap prices, for example, have been declining over the past few weeks, but the trend of commodity prices will probably still be upward.

There will be little change in consumer goods prices this year. Increases in income will again be largely reflected in increases in purchasing power.

In short, the year 1956 will probably be a better year than 1955 for purchasing agents, as supplies of industrial commodities generally become more plentiful. It will be a year of high business activity, whether it exceeds the average for 1955 or merely equals it. I do not expect that it will fall below last year. Competition will be keener than in 1955.

Whether this conclusion is optimistic or pessimistic depends somewhat on where your particular interests lie. It is optimistic in the sense that over-all business may average somewhat higher than last year. It is pessimistic in the sense that this forecast can be achieved with virtually no further growth during the remainder of this year, or even with some slight decline in the second and third quarters.

But not all businesses will show increases over last year. Some, like railroad equipment and machine tools, may increase more than 25%. Others, like chemicals, petroleum, steel, coal, and processed foods, may rise from 1% to 10%. There may be declines in automobiles, automobile parts, some textiles, and in residential construction.

But, whatever happens in 1956 or 1957, our economy is still growing. The long-term outlook for employment, income, and business activity in this country is good. Although there will continue to be business fluctuations like 1949 and 1954, the trend in business activity is upward.

Business cycles are closely related to changes in the rate of inventory accumulation or liquidation and changes in the rate of construction and in purchases of business equipment. There will still be business fluctuations, but we hope we have learned to keep them moderate.

Our population is growing at better than 1.5% per year. With the productivity of labor and capital permitting a rise of around 2% per year per person in our standard of living, we need a growth rate of production in this country of at least 3.5% per year for the indefinite future.

That growth rate will be difficult to maintain over the next 10 years because there will be very little increase in that period in the number of people in the basic working ages of 25 to 44 years. Automation and increased investment will be necessary, or we may face a serious labor shortage. We have achieved present production rates only by drawing into the labor force a great many married women in the age group from 35 to 64 years, and students in school. Unemployment will probably not be a serious problem over the next decade. We shall probably continue to experience shortages of skilled and professional labor, like those at present.

The greatest single problem facing us today is misunderstanding of what it will take to keep our economy growing. You know what the facts are, but many do not and they are fearful. What people do not understand they may fear, and what they fear they will act against. It is up to you and to me and to everyone of us to generate the widest possible understanding of economic realities. They are the hope of our future.

*An address by Mr. Ellis before the TenneVa Purchasing Agents Association, Kingsport, Tenn.

Joins McDaniel Lewis

(Special to THE FINANCIAL CHRONICLE)

GREENSBORO, N. C. — Emery F. Mendenhall has become affiliated with McDaniel Lewis & Co., Jefferson Building.

Long-Run Investment Outlook for Farm Mortgages

By DR. E. C. JOHNSON*
Assistant Deputy Director
Land Bank Service, Farm Credit Administration

Dr. Johnson's long-term optimistic view of farm mortgage as one of the soundest investments is based upon: (1) farms declining in number but increasing in size and efficiency; (2) basic importance to the economy; (3) population growth prospects; (4) proposed Federal farm measures; (5) strong farm real estate market in face of declining farm income, and (6) favorable 10% ratio of total debt to current assets. Land Bank director believes continued decreased low earnings may induce farm price decline, increase low delinquency rate, and encourage increased farm mortgage credit to refinance short-term liabilities. Expects some rise in interest rate in spite of sufficient mortgage funds.

Just a year ago it was my pleasure to have the opportunity of attending the Farm Mortgage session of the Midwestern Conference of the Mortgage Bankers Association of America here in Chicago. At that time I discussed the farm mortgage situation and called attention to the increase in the farm mortgage debt, and the likely increase in the demand for farm mortgage credit in 1955. Now, we can look back over 1955 and appraise the farm mortgage situation in the light of developments in the last year.

E. C. Johnson

The year 1955 was a year of "boom" conditions for practically all industries, except agriculture. Industrial production was high, and profits of business corporations generally were very favorable. The farmer, however, continued in the severe price cost squeeze which he experienced in 1954, and his earning position became even less favorable. Prices of farm products declined around 5% while farm costs remained high, with the result that the net farm income in this country declined about 10%. In other words business prosperity in recent years has not been shared by the farmers as a whole. In the last 5 years the net income of farmers has declined about 30%, to about $10½ billion for the year 1955. As we might have expected, with the decline in farm earnings, farm indebtedness continued to increase.

Debt Asset Ratio

Let us take a look at the farm mortgage debt picture as we find it today. The total farm mortgage debt reached the low point of $4.7 billion in 1946, and since that time has been increasing. A year ago the debt was $8.2 billion, and while no final estimates are available, apparently it is now about $9 billion. Other debts of farmers — not including loans guaranteed by the Commodity Credit Corporation — are probably around $8 billion. Therefore, total debts of farmers are approximately $17 billion. The current value of all farm real estate is about $97 billion, and other assets of farmers around $70 billion. The total assets of farmers therefore approximate $167 billion. From these figures we can conclude that debts of the farmers are only about 10% of current value of the total assets. This is a favorable situation, viewing agriculture as a whole, but we must look deeper to find the true situation with regard to the burden of debts among farmers.

Per Cent Mortgaged

Actually, only about one-third of the farms are mortgaged. That means that about two-thirds of the owners' farms — while they may have other debts, in some cases substantial amounts — are generally in a sound financial position. Of the farm owners having farm mortgage debts, it seems that, in most cases, the debts are for amounts which could be carried from farm earnings which might be expected over a period of years. However, there are many farmers whose debt load is such that they find it very difficult to meet payments on loans under present conditions of lower farm earnings. Unfortunately, this is particularly true of many young farmers, who incurred heavy debts to get started in farming and have not had time to build up substantial equities. Up to the present, however, delinquency in payments on farm mortgage loans is low, and has not increased much during the last year except in certain local areas affected by drouth or particularly sharp commodity price declines. However, if the relative low earnings continue in farming, delinquencies on loans will increase. Both lenders and borrowers should be alert to this situation, and work out loan delinquency problems that arise in a manner which will protect the interest of all concerned. In the last year foreclosures on farm mortgages have increased slightly, but the number of foreclosures remains low. Many short-term debts, however, have been refinanced with real estate mortgages.

Mention should be made of tenant farmers, who, as a group, comprise about one-fourth of the farm operators. As a class, tenants find themselves in a more difficult financial position than owners. A tenant receiving only a share of the crop but carrying the expenses of operation, which he has been unable to reduce now with the decline in farm commodity prices, may have found his net income squeezed to a very low figure.

Composition of Lenders

In the past year farm mortgage credit has been readily available at reasonable terms but with some increases in interest rates in line with the general rise in rates. Individual lenders comprise the largest single source of credit and hold about 40% of the farm mortgages. An analysis of interest rates on farm mortgage loans made early in 1955 indicated an average rate on loans by individuals of about 5%. The life insurance companies are the second largest source of farm mortgage credit, and hold about one-fourth of the farm mortgage loans. Their loans, made early in 1955, carried rates which averaged about 4½%. Federal land banks held about 17% of the farm mortgage debt. Nine of the land banks charge 4% on their loans; 2 charge 4½%; and 1 charges 5%. Commercial banks are important, also, in farm mortgage financing, and hold about 15% of the loans. Early in 1955 the loans by commercial banks carried interest rates which averaged about 5½%.

In referring to average interest rates it is important to keep in mind that rates vary among different sections of the country. Generally, the lowest rates are on farm mortgage loans in the corn-belt States of the Middlewest. The highest rates are found in the Southeastern States.

All classes of farm mortgage lenders increased the amount of new loans made in 1955 as compared with 1954. The largest relative increase was by the life insurance companies and the Federal land banks. The 12 land banks loaned $337 million in new money in 1955, which was an increase of 50% over 1954. One noticeable development was the increase in the average size of loans among all lenders.

Use of Credit

The increase in farm mortgage debt does not necessarily represent a corresponding decrease in net worth of individual farmers. While many farmers have borrowed to take care of losses in farming, others have borrowed for farm improvements. The purposes of mortgage loans made last year indicate that refinancing of debts is a major purpose but farmers are still borrowing for additions and repairs to buildings, the purchase of real estate, and farm equipment. A study of a sample of land bank loans made late in 1955 showed that, of the new money loaned, 33% was used to refinance mortgage debts, most of such debts being held by commercial banks and individuals. Sixteen percent was used to refinance chattel loans and other short-term debts. Improvements to land and buildings took 13% of the funds, and 20% was used to buy real estate. All other purposes took 18% of the funds.

Farm Outlook

Since farm real estate is the basic security for mortgage loans, we probably should take a brief look at developments in the real estate market in 1955. During the first half of 1955, real estate prices in practically all parts of the country increased in the face of declining farm income. This situation reflects the confidence which farmers and investors have in the long-run values of farm real estate. While the farm real estate market was not an active market, there was some increase in sales over the previous year in many areas. One noticeable development is the purchase of real estate for the enlargement of farms. The highest prices reported for farm land are usually prices paid on small tracts purchased by farmers who own the adjoining land, and who need to enlarge their acreage to utilize modern farm equipment efficiently.

The population of our country is increasing around 2½ million persons per year, and the prospect is for a continued high rate of growth in our population. This trend is a favorable factor in the farm real estate market. Also, in the past year, the generally favorable business situation was a factor tending to hold up farm real estate prices. The prices of farm real estate during the last part of 1955 apparently leveled off, and if present relatively low farm earnings continue for some time, we would expect a decline in the sale price of farm real estate. Only a comparatively small number of farms are being offered for sale. Should there be an increase in the number of farms offered then these farms probably could be sold only at lower prices.

The number of farms in the United States is declining. Between 1950 and 1954 the number of farms was reduced by 600,000. The greatest decrease was found in farms of 10 to 100 acres. As a matter of fact, the number of farms in this size group decreased 449,000 during the period 1950 to 1954. Family type farms continue to predominate as the important farm unit, but these farms are becoming larger since it is possible for a farm family to operate a larger acreage with tractors and other modern farm equipment. The average size of all farms in the United States in 1954 was 242 acres, which represents an increase of about 70 acres per farm since 1940. The total acres of crops harvested has remained fairly constant.

Operating a modern farm requires a great deal of skill in management and a knowledge of new technical practices. Management therefore is an important element to be considered in analyzing an application for a farm mortgage loan. Without the proper skills a farmer will have difficulty in meeting the high costs of farming under present conditions. On the other hand, capable farmers usually have been able to adjust operations on their farms to changing situations and maintain fairly good earnings.

10 Acre Farms

Another interesting development in agriculture is the noticeable increase in the small farms of 10 acres or less. Most of these farms are part-time farms. Industry is decentralizing to rural areas, and the new plants offer opportunities for people to live on small farms and work in factories. As a group, the part-time farmers need improved service in long-term credit. The Federal land banks, as a result of legislation passed last year, in appraising farms may give more consideration to opportunities for earning income off the farm and are now attempting to serve a larger number of part-time farmers. Life insurance companies and commercial banks are also active in this field. These loans, if made at reasonable levels, can be very sound investments for farm mortgage funds. The property is a small farm as well as a home, and if there is an opportunity for reasonably stable employment, the owner of a part-time farm can carry a reasonable amount of debt without difficulty.

Mortgage Outlook

Finally, what is the outlook in the farm mortgage field for 1956? Such forecasts which have been made indicate that the current cost-price squeeze will continue, and that there will be some further reduction in net farm income. However, the Congress is now considering measures to aid the farmers, but what final form these measures will take at present is uncertain. Any measures approved undoubtedly should increase current income available to the farmers, which will be a favorable factor offsetting to some extent the effects of the price-cost squeeze.

Lower net earnings will be re-

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*An address by Dr. Johnson before the Midwestern Mortgage Conference of the Mortgage Bankers Association of America, Chicago, Ill.

Consumer Credit Standards—A Challenge to Management

By J. P. DREIBELBIS*
Senior Vice-President
Bankers Trust Company, New York City

Recommending instalment credit extension uniform policy between commercial loaning divisions and instalment loan departments, Mr. Dreibelbis points out that credit restraint during 1955 was generally the rule except for consumer and mortgage departments. The Bankers Trust official suggests: (1) eliminating the gap between top management and instalment loan department; (2) Federal Reserve consumer credit study be supported; (3) establishing effective minimum lending standards and practices; and (4) bankers learn their business better—which should help prevent encroachment of selective consumer credit regulation.

Instalment credit has become an important part of bank lending, both directly and indirectly; hence it behooves management to learn more about this banking function. When you consider the portion of the commercial banks' gains in total loans coming primarily from instalment credit, its importance is emphasized.

J. Paschal Dreibelbis

The period from 1947 to 1955 evidenced an increase in bank consumer loans of, roughly, $8.1 billion. The increase in business loans for the same period amounted to $10.8 billion. These figures cover insured commercial banks from the end of 1947 through June 30, 1955. The instalment loan business has thus become one of the most important elements in our loan portfolios.

I am certainly no expert on the subject of instalment credit; and, in truth, I am a seeker and not a purveyor of knowledge. In general, commercial banks are fairly late comers in the instalment credit field. There are, of course, a respectable number of exceptions; but it is only within the relatively recent past that commercial banks in large numbers have been actively developing their instalment lending departments. As for my own bank, I would place it in the "late" late comer class. However, in seeking knowledge, one picks up some definite impressions; and that perhaps is my best excuse for the observations I will make.

Instalment credit has been quite prominently in the news recently, and there are many facets of the problem that deserve and have received your attention. Has instalment credit expanded so fast as to contribute to elements of instability in the economy? How widespread has the relaxation of lending standards been? Are the lags in the effects of general credit policy so great as to make a case for selective credit controls? I shall resist the temptation to talk on these broad questions except to say that I believe as to each of them we should have an opinion; that if having such an opinion indicates the need of a policy, we should have a policy; and that if we have a policy, we should take all steps necessary to make it effective.

Top Management's Failure

One of my impressions is that all too generally there is a gap between top management of the bank and management of the instalment loan portfolio. There are, of course, many outstanding exceptions that can be cited. However, I think I have noted a tendency upon the part of top management in many banks to ride tight herd on all other segments of the bank's operations and to ignore responsibilities relating to the instalment loan department. One of the reasons for such a situation is that banks, like other service businesses dealing with the public, are responsive to customer demand.

Banks go into the business because their managements think they can earn dividends for their stockholders, and they are seeking to make a contribution to the economy. But the individual transactions are too small to warrant the personal attention of the bank managers. As the operation develops, what management really sees is the sum total of transactions over a given period of time.

Indeed, I have the impression that an acceptance of a concept that there are wide differences between this and other bank credits has contributed to the gap to which I have referred. How often have you heard it said that the way to get into this business is to hire an expert, put him in charge, and forget it? That strikes a familiar note with me; and I am inclined to agree with the conclusion; but I also think how unfair it is to expect an expert, with an entirely adequate knowledge in his own sphere, but likely with an equally limited knowledge and experience in the broader aspects of money and banking and of the individual bank's policy, to fill the gap which management has thus created.

Credit Standards

I recall the address of Theodore V. Houser, chairman of the board of Sears, Roebuck and Company, made at the last National Credit Conference of the American Bankers Association, in which he listed four standards as applied by Sears, Roebuck in its instalment credit operation:

(1) They believe that they should obtain a reasonable downpayment which would reflect an immediate equity on the part of the borrower.

(2) They believe that they should limit the contract life so as to increase equity fast enough to more than cover depreciation.

(3) They should obtain dependable information on applicants.

(4) They must have the courage to turn down the requests which do not meet their standards.

These are simple credit factors, and few indeed would be the bank managements which would not subscribe to them. I wonder, however, to what extent these principles are fully implemented and, if so, to what extent the results are carefully followed. Without being able fully to document it, I have a conviction that there is a job for management right here.

Credit Impact on Economy

Moreover, I wonder if the favorable situation reflected in the statistics on delinquencies, loss ratios, repossessions, etc., all of which, it seems to me, go hand in hand with the lush economy we have enjoyed, has not contributed to some disregard of other factors, and more precisely, to some disregard of the overall impact of this type of credit on our economy. I refer to terms—and I repeat that I am not addressing myself to the question of whether terms have been too liberal, too tight, or just right; or to whether the volume of consumer credit has been too high, too low, or just right. I do say that terms are an important contributing factor to volume; and certainly the relaxation in finance terms which we all agree occurred in 1955 was in spite of, rather than the result of, credit and monetary policy. Indeed, the fact that 1955 was a period in which credit restraint was being generally accepted and practiced in all sectors except that of consumer and one other rather closely allied form of credit would seem to support the thesis that there is the gap between top management and the instalment credit department which we should work toward closing.

I am not going to get involved in the argument as to whether the bankers or the sales finance companies or the automobile dealers or the manufacturers were responsible for the relaxation in lending standards that appears to have taken place in the latter part of 1954 and the early part of 1955. But on one point I do have a conviction; and that is that if we had the information we need to establish and maintain defensible standards for our operations, we would not be tempted to initiate or even to follow lending trends of dubious propriety.

Better Information

There is another side of knowing more about our consumer financing activities that is of equal importance with the problem of managing our individual operations. I am referring now to the need for better information on what is going on in this important lending activity on a national basis. We now have some data on outstandings and on extensions and repayments, but I doubt if the data we have are adequate. I am certain that they are not in many important facets of the business. As you know, the supervisory authorities have been trying to get the banks to become informed as to their own lending operations, by requiring additional information on instalment loans on the examination reports. I have no exact information on how successful this effort is, but I venture the guess that a good many banks are having some trouble providing the information requested.

Even if this project to get information on examination reports succeeds, and it will in time, it is obviously no answer to the need for national broad information as to what is going on in this field. We need monthly data, not annual data; we need to have them compiled and released currently, not at time of examination. The progress that has been made in the field of consumer credit statistics has reflected the arduous and unremitting labors of the Board of Governors of the Federal Reserve System. Were it not for their efforts, we would probably have no reliable comprehensive data on this important type of credit. It is my understanding that the Board is currently trying to obtain reports that can be combined and that will give a continuous picture of what is happening in the field of consumer lending. If I have one positive suggestion, it is this: let us put our shoulder to the wheel and help the Board get the data we all need. I think we should ask the Board what information it regards as desirable and then help provide it. I am confident that in order to do a good job of managing our consumer lending operations, we shall need a lot more information than the Board will request. Information on the quality of our operations and a continuing reporting basis on prevailing terms would be helpful to management.

Selective Controls

There is one final aspect of consumer credit that deserves a word of mention in closing, and that is the problem of regulation. To many informed people, the experience in 1955 makes a pretty good case for selective controls. We are on notice that the President of the Federal Reserve Bank of New York has stated his belief that the System should have continuing authority to regulate consumer credit; a number of economists have expressed a similar point of view; and many bankers have come, some of them no doubt reluctantly, to the same conclusion. The Board, as you know, has been asked by the Administration to conduct a study; and I believe, in making the study, we should give the Board all the support of which we are capable.

As a believer in and staunch supporter of the Federal Reserve System, I have no desire to see it get encumbered with the administrative problems and headaches involved in an effort to regulate instalment credit. However, I suggest that the best defense against any movement in the direction of regulation is for consumer lenders to learn more about their business, to get the information they need to establish effective minimum lending standards and practices, and then to take steps to see to it that these lending standards are adhered to in their own operations.

*An address by Mr. Dreibelbis before the National Instalment Credit Conference, American Bankers Association, St. Louis, Mo., March 21, 1956.

G. A. Saxton Wire To Schneider, Bernet

G. A. Saxton & Co., Inc., 70 Pine Street, New York City, announce the installation of a direct wire to Schneider, Bernet & Hickman, Inc., Dallas.

T. E. Hodges Opens

MIAMI BEACH, Fla.—Thomas E. Hodges is conducting a securities business from offices at 6045 Pine Tree Drive.

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(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Oreg. — Ben L. Turner is now affiliated with Murphey-Favre, Inc. of Spokane.

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(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich.—John H. Sexton is now with B. C. Morton & Co., Penobscot Building.

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ST. LOUIS, Mo.—Robert R. Rus is now with Dempsey-Tegeler & Co., 1000 Locust Street, members of the New York and Midwest Stock Exchanges.

Consumer Credit Soundness And Future Opportunity

By ERNST A. DAUER*
Director of Consumer Credit Studies
Household Finance Corporation

Terming consumer sales the most important single economic factor and finding consumer spending expectations at or near record levels, Household Finance economist sees consumer debt structure sound and no bar to predicted continued higher output and rising standard of living. Michigan University surveys are cited to show remarkable consumer expenditure stability to consumer income and to support view that consumer short-term and total debt quantity is not too large nor individual spending units overloaded with debt. Dr. Dauer believes the inherent drive for living improvement can be sustained and expanded only with sound consumer credit keeping pace; to impose ridiculous terms is found comparable to killing the "goose whose golden eggs benefit manufacturer, distributor, retailer and consumer alike."

The year of 1955 was the most prosperous in the nation's history. With the exception of agriculture, new records were set in practically all areas. Throughout most of the year, expansion occurred. Even though the President's illness caused some hesitation and adjustment in the stock market, government, business and consumers continued to buy goods at a record pace. The year ended with production well above previous years, and with the best holiday trade ever rung up on retailers' cash registers.

Dr. Ernst A. Dauer

Inaccurate Forecasts

Yet, when we look back to the forecasts which were made late in 1954 and early in 1955, we are struck by the fact that few, if any, were accurate. It was clear that 1955 would be a good year. The recovery from the mild 1954 recession was under way so that it seemed obvious that the 1955 movement would be upward. Yet, by and large, forecasters agreed that 1955 would be only modestly better than 1954, and not as good as 1953.

So uniform was this attitude that the National Industrial Conference Board, in an article in its December 1955 "Business Record," asks the question, "What went right?", and concludes that the consumer "performed with surprising vigor." The high level of demand for cars, beginning with the introduction of the 1955 models, and the continued high rate of home construction and sale, sparked a rapid recovery throughout the first half of the year.

This unexpected strength in consumer buying resulted in a substantial upward revision of the spending plans of business for new plant and equipment. Actual expenditures were also accelerated and, by the end of the year, were at new record rates. Also, during the last half, business sought to accumulate larger inventories to carry the higher volume of sales.

By the year-end, our productive machinery was virtually bursting at the seams. Unemployment was at practically an irreducible minimum and black or grey markets had reappeared for a number of critical raw materials. Government officials were expressing concern over the possibility of inflation.

It was in this atmosphere that most of the year-end forecasts for 1956 came into being. In one respect the "typical forecast" bears an amazing similarity to that made a year ago. Almost without exception, it anticipates a modest improvement of 3 to 5% for the year as a whole, as compared with the average for 1955. Since the peak in 1955 came at the close of the year, this means that the forecasts for 1956, as a whole, contemplate only a very, very minor improvement, 1% to 3%, over the 1955 year-end results.

*An address by Dr. Dauer before the 10th Annual Midwest Sales Conference, Davenport, Iowa.

No Serious Downturn

It is not difficult to see how such a "typical forecast" came into existence. After a year and a half of constant improvement to the highest levels on record, and with productive capacity strained to the utmost, it is understandable that a continued rapid advance seems out of the question. After car sales of 7½ million in 1955, who would expect even higher sales in 1956?

It is understandable, also, how there is little support for the expectation of a serious down-turn during 1956. The Federal Government has taken action to prevent inflationary excesses, so that no reaction appears on the horizon. In addition, 1956 is a presidential election year. Speedy governmental action is expected to occur to support any pronounced weakness in business activity. There are plenty of people who will lay odds that there will be some reduction in taxes during the year to stimulate consumer buying.

Business spending for new plant and equipment will continue to expand. Since business inventories are still low in relation to sales, some addition to such inventories is also expected. Local and state governments will spend more on schools, roads and other public improvements. The Federal Government is planning to spend more on defense, foreign aid, schools, roads, medical research and farm programs, and some of those plans will certainly be realized.

Thus, we might almost say that the "typical forecast" for 1956 runs about as follows: The improvement during 1955 was so great that much further improvement would be "too good to be true." Yet, there are so many elements of strength in the picture and so few elements of substantial weakness that there seems to be no justification for anticipating a real down-turn. In a sense, it is not unfair to say that the forecasters, the experts, have been stumped by the consumer, and that the experts are trying to guess what the consumer will do, and when he will do it. Some expect him to take a rest in the early part of the year, in order to pay off the debts incurred during 1955, bringing some weakness in the early part of the year, followed by an improvement later. Others expect a leveling off, because curtailment of automobile production will just make it possible for other industries to get the steel, for example, for which they have been clamoring. Still other forecasters expect some decline in the second half after a substantial drop-off in automobile production and home construction has rippled out and affected other areas. But all expect the year as a whole to be just a "wee bit" better than 1955.

Consumer's Importance

Now with the benefit of hindsight, we can decide why the forecasters were so generally wrong in 1955 in gauging the extent of consumer demand. After doing so, let us attempt to appraise what the consumer may do in 1956.

But, first let me digress for a moment to point out that the consumer is the alpha and the omega of all economic activities. The only purpose of economic activity is to satisfy the consumer's wants. In our free enterprise system (or in our "mixed" economy, if you prefer that term) the consumer ought to be, and the record shows that he is, the most important single factor in determining whether business is good or bad. Even during wartime, consumer purchases of goods and services account for more than one-half of the total output of the nation. In a peacetime economy, consumer expenditures amount to about 70% of total output, and even in the recent years of high defense expenditures, they have still been between 60% and 65% of total output (technically called Gross National Product).

Consumer Survey

Yet business forecasters and analysts have frequently based their conclusions much more upon what business and government expect to do than on what the consumer will do. This has been true largely because business expenditures and government expenditures can fluctuate much more rapidly and severely. Another reason is that forecasters and analysts are only human, and they had much better material available with which to forecast expenditures in the government and business areas. It has been only in recent years; namely, since the end of World War II, that there has been material on current consumer attitudes and spending plans, and any figures upon which to base estimates of consumer expenditures for certain important durable goods such as homes, cars, and other major household items. Each January-February since 1946, the Survey Research Center of the University of Michigan has prepared a "Survey of Consumer Finances" which the Federal Reserve Board has published beginning in about May each year in its "Bulletin." Between the Surveys made for the Federal Reserve Board, the Survey Research Center has also made interim surveys of consumer attitudes and inclinations to buy in the summer and fall.

Basically, consumer demand in the aggregate depends upon consumer income. With respect to important purchases, and with respect to the use of credit, the consumer gives even more attention to recent changes in his income and to his anticipated future income. In other words, confidence in one's own future security is probably the most important factor in the outlook for consumer expenditures for durable goods.

Now what light do these Surveys shed on developments in the last two years?

In February of 1954, 15% of American families expected a decrease in their income in the following 12-month period. That figure had never been above 17% and had been as low as 8%, in those prior years, for which a Survey was available. Hence, it was reasonable to expect a degree of curtailment in large expenditures and in the use of credit to purchase durable goods at that time. Such curtailment occurred in 1954. The Survey made in June and October of 1954 showed a marked improvement in that attitude. By February of 1955, only 6% expected their income to decrease in the year ahead, the smallest percentage of any year on record. Conversely, the highest percentage of any year, 40%, expected their income to increase in the year ahead.

The Survey Research Center also found that throughout the latter half of 1954 and during 1955, a growing percentage of people felt that was a good time to buy cars and large household items. In February of 1955, three people considered it a good time to buy for every one person who considered it a bad time to buy. In the income groups above $5000—where the new car buyers are concentrated—more than five considered it a good time to buy, for every one who considered it a bad time to buy. Certainly in the light of these figures, it is not difficult to explain the booming durable goods sales during 1955—particularly the new car sales.

Let us turn our attention now to 1956. Consumer income after taxes at the end of 1955 was running at a rate of over $275 billion. All the evidence indicates that it will remain at, or near this level, and may exceed it by 1, 2 or 3%. If there is a cut in income taxes that cut would be added to this figure. The question for us to answer is, "At what rate will consumers spend?".

Stable Consumer Expenditures

If we look at the past as a guide to the future, we are struck by the high degree of stability of consumer expenditures, in the aggregate, when related to the amount of consumer income after taxes. From 1929 through 1954, the amount of consumer income after taxes more than tripled, increasing from $82 to $255 billion. When adjusted for price level changes, consumer income after taxes doubled. Yet, year after year, personal consumption expenditures amounted to practically 95% of consumer income after taxes. There have been two periods of marked deviation: The first was during the depression, in 1932-34, when consumer incomes dropped sharply and consumers spent more than they took in; the

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Uranium Ore Producer and His Future Prospects

By STEPHEN L. R. McNICHOLS*

Lieutenant-Governor, State of Colorado

General Counsel, Uranium Ore Producers Association

Colorado Lieutenant-Governor recommends National Uranium Institute to prevent euchring out independent ore producers and to combat smears destroying public confidence in the uranium producer stemming from: (1) false stories carried in national publications; (2) machinations of giant corporations; (3) top Eastern financial interests; and (4) short-sighted, apathetic Federal policy. Problems confronting uranium production are said to comprise: increasing costs without compensating price increases, unfair government land policies that allows competitive bidding; and government's unwillingness to announce its post-1962 plans.

When we talk about the problems of the independent uranium ore producer, we are, in a broad but very real sense, touching on problems besetting all producers. So, actually I will be speaking also of factors that affect the future of all independent mineral producers.

S. L. R. McNichols

The problems we face and the objectives we seek are generally parallel and often identical. We all are striving for the best ways of doing our work and for the healthiest governmental atmosphere in which to do it. That is the purpose of your fine sponsoring group, the Colorado Mining Association—just as it is the purpose of other state organizations or specialized associations within the mining community.

Some—such as the Uranium Ore Producers Association for whom I happen to be General Counsel—have found it effective to come into even closer working relationship for optimum effectiveness in working out problems that more acutely concern us. But we are all, none-the-less, members of a vital fraternity—and it is distorted thinking indeed to look upon any specialized segment of this fraternity as being a rival to, or competitive with, any other group. Our interests are too interwoven for dissent; our kinship, too close for jealousy.

Mining Conditions

No doubt all of you have noted that the uranium ore production curve continued upward again last year to an all-time production record for tons of uranium ores and concentrates. On the over-all mining scene, 1955 was marked by an 11% increase in fuel and mineral production to an all-time high of fifteen and eight-tenths billion dollars.

Despite this improved picture, we all are aware of the plain fact that there are many extremely unhealthy blotches on that picture—some new, some continuing old ones. We who comprised the Western Governors Minerals Policy Committee all agreed that the condition of domestic mining ranges, at best, from poor to critical.

The problems surrounding this situation sorely beset the independent uranium ore producer—just as they do the producer of every other ore.

We are faced with increased costs without compensating price increases. A committee of the Uranium Ore Producers Association has just completed a study which reveals how greatly uranium mining costs have gone up since 1951.

Government Land Policies

We encounter capricious government land policies. Take the recent action by the AEC in disposing of more than 500 square miles of land which it had withdrawn for uranium development. The AEC, itself, through Mr. Clark C. Vogel of its General Counsel Office came to Grand Junction in March of last year to ask the miners and mining companies of the Colorado Plateau what to do about the restoration of AEC-developed lands. Extensive hearings were held over a three-day period. Out of 69 written or oral statements from these miners and mining companies entered into the record of those hearings — only *three* declared themselves for competitive bidding. Yet—in the face of *95% of the testimony opposing competitive bidding*—that was the system decided upon by the Commission a little more than a month ago. I am on record as branding that decision — not only as capricious and arbitrary — but a decision which is in total conflict with the evidence that was presented.

Reading down that same announcement—if you can stomach it—you will find that the Commission keeps an ace up its sleeve. It reserves the right to "negotiate" leases—in other words, to pick its own lessees where it wishes. This right to negotiate clause in itself shows the Atomic Energy Commission actually is against bona fide competitive bidding and is keeping the door open to favored operators.

But the real wallop to the independent producer is the concealed punch. Nowhere in the announcement will you find that the huge companies engaged in ore processing are excluded from the competitive bidding for these AEC uranium lands. These huge outfits can afford to outbid any small, moderate-sized or even big operator; and even if they were to mine at a loss, they still would make profits through the milling of the additional ore. And, I might add, get a whopping tax write-off on any mining losses.

If the government had wanted to be fair, it at least could have excluded those companies presently engaged in the milling business on the Plateau.

I attended those meetings held in Grand Junction and at the time I called the attention of the AEC to its own bulletin entitled "Atomic Energy Commission Policy on Leasing Commission-Controlled Domestic Uranium Mining Properties." I should like to again direct you to paragraph 5 of this bulletin. Let's see what the AEC itself declared their policies to be on competitive bidding. The bulletin is entitled "Why the Atomic Energy Commission Selected Lessees by Negotiation Rather than Competitive Bidding." I quote:

"Under a system of competitive bidding, it would be necessary, as a general practice, to award the leases on the basis of the highest bid in terms of royalty payments or lump sum payments. Since royalty is an item in the cost of mining, a high royalty would tend to promote high-grading, that is, mining the richer portions of the deposits and leaving the lower-grade ore. This would be contrary to the Commission's policy of encouraging maximum recovery of uranium ore from deposits being mined. If bids were awarded on the basis of lump sum cash payments, with or without royalty, lack of available cash might prevent many small operators from obtaining a lease. From the Commission's standpoint the essential qualifications of a lessee is the ability to a good job of clean mining. Lessees should be selected on the basis of experience and integrity and they should have sufficient capital in the form of cash or equipment to operate properly the type of property they desire to lease. In other words, in this respect the selection of a lessee is similar to the selection of an employee and the selection can best be made by negotiation rather than competitive bidding."

The independent uranium ore operator just doesn't have a chance under the competitive bidding set-up. And I am wondering if the Joint Congressional Committee on Atomic Energy sees this as a fair shake for the guy who went all-out in response to their plea that they scour the mountains and deserts of this country so our nation would have her own uranium?

Uranium After 1962

To top this all off, he is confronted with uncertainty concerning the uranium ore market after 1962 — in spite of urgings from every quarter that the government make known its intentions on that score. An assured stable market is imperative to continued production for our national security; it is mandatory for the future of the uranium industry. Without it expansion is dead. And —as the Utah Mining Association points out — certain foreign firms have contracts until 1966. Domestic miners certainly are entitled to at least the same deal.

These are among the conditions that throw shadows on the future of the independent uranium ore producer.

Bluntly stated—they stem from a Federal minerals policy that pleads for Herculean production during emergencies but — once supplies again are adequate — lapses into utter indifference respecting the needs of the industry, a policy founded entirely on short-range solutions to basic problems, a "shot - in - the - arm" method of keeping a patient alive —rather than a planned therapy to insure a sound and productive life.

If this picture were to continue and you would ask me "What about the future of the independent uranium ore producer?" I would answer quite frankly that he is not long for this world. And he might as well join the three octogenarian prospectors who were gathered around the cracker barrel talking out the best way of leaving this mortal bourn. One of them said he'd like it fast—maybe an automobile accident. The second agreed—but wanted it a bit quicker and surer . . . an airplane accident. They turned to the third—the eldest of the three. "What about you Zeke?" "Well," he cackled, "I'd like to go fast, too. But I don't want it to be accidental. I'd sooner be shot by a jealous husband!"

But the independent uranium ore producer is far from being an octogenarian. And the same guts that saw him through the wild and desolate areas of our country to come out with enough uranium to make Uncle Sam a leader in uranium ore production today — this same fight and tenacious quality can carry him through to a secure position, tomorrow.

But being shot by jealous monopolistic interests is no idle threat. Today it is one barrel of a double-barreled gun stuck against the independent uranium ore producer. The other barrel is triggered by the government in Washington. The squeeze play is on — and the independent must look to his ramparts. Not tomorrow. Not next month or next year. But right now.

I submit that it would be a dangerous thing for this nation—both for its military security and for its progress in this Atomic Age—if the independent uranium ore producer is euchred out of the production field. It matters not if this should be done by the machinations of giant corporations and financial interests — or through a shortsighted and apathetic Federal policy . . . a policy, or lack of one, that would allow the independent to be cast aside now that he, and virtually he alone, has catapulted this nation in less than ten years into a leading uranium producing nation of the world.

Uranium Attacks

The story of the independent uranium ore producer's importance and his achievement has been smeared to a point where venture capital—the life blood of

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*An address by Mr. McNichols before the National Western Mining Conference, Denver, Colo.

Canadian Market Tendencies And Capital Formation Sources

By GORDON R. BALL*
President, Bank of Montreal

Leading Canadian banker analyzes capital formation sources and current Canadian capital market tendencies, and finds: (1) domestic and foreign sources of capital are adequate; (2) though a small percentage of total capital, foreign venture capital plays a crucial role; (3) borrowers assuming dollar repayment obligations may find yield differential attractive but actual costs may be more due to exchange rate uncertainties; (4) Canadian higher interest rate fulfills its capital inducing function; and (5) proposes a Canadian Development Bank to meet long-term small borrowing needs and broaden distribution of Canadian ownership of common shares. Mr. Ball detects less corporate reliance upon reinvested earnings and more on outside capital, but points out equities as a source of long-term funds is affected by corporate income tax which makes debt money more attractive.

I propose to attempt to discern the direction in which present tendencies are leading, and to point to certain desirable developments that may ameliorate some of the shortcomings of the Canadian capital market as I see them.

Gordon Reginald Ball

I should add that behind my commentary is the strong conviction that long-term prospects for this country's economic growth are boundless, assuming that courage combined with prudence, and foresight combined with adaptability, continue to be characteristic of the Canadian people in general as well as of those responsible for the country's financial affairs.

Question 1: "Are there any classes of deserving borrowers whose needs may not be served adequately?"

This is a very broad question and to answer it at all usefully some definition of terms is necessary. I am assuming, therefore, first, that the word "classes" means any broad recognizable group of borrowers who from time to time have access, or would like to have access, to the capital market. The word "deserving" I interpret in the sense of "creditworthy," for to be realistic we must at least admit the possibility of the existence of would-be borrowers who would certainly regard themselves as deserving but who might not be able to qualify on grounds of creditworthiness. In short, what I think we are after is whether the present institutional framework adequately meets and will continue to meet the needs of the various well recognizable groups of borrowers who might reasonably be expected to use it.

To answer this question it is useful to consider the position of certain well recognized categories of borrowers. As far as the Federal Government is concerned there is obviously not the slightest difficulty in respect of its financing nor is any difficulty to be envisaged. The credit of the Government of Canada is unquestioned and its securities meet with a ready reception not only in Canada but also elsewhere. The provinces, too, have ready acccess to the capital markets at appropriate rates of interest and here, also, the market for their obligations is not confined to Canada only. From time to time sizable amounts of provincial borrowing are done in the United States. There is an active market for municipal securities and here, too, the larger borrowers have access to the New York as well as to the Canadian market. By and large, however, municipal securities are absorbed by investing institutions—insurance companies, trust companies, pension funds and, as far as the shorter maturities are concerned, by banks. Perhaps there is room for some long-term program of education, or re-education, of the private investor designed to broaden the market for municipal issues. The need for schools and other municipal capital facilities of all kinds is on the increase and with the growth of population it is reasonable to expect this trend to continue, although it may necessitate substantially higher tax revenues.

Exchange Rates and Borrowing Costs

I should perhaps say in passing that access to the market on the part of any borrowers in those categories I have mentioned, as indeed in the case of industrial borrowers also, implies a willingness on the part of the borrowers to pay a rate of interest consistent with the scale of rates in existence, whatever that level may be. At a time when, by reason of official monetary policy, the level of interest rates in Canada is higher than normal, there is always an incentive for Canadian borrowers to seek accommodation in the U. S. capital market if a favorable rate differential exists between the Canadian and U. S. market. We have seen a good deal of this from time to time and there has been a marked revival of this tendency in recent months. Looking ahead, it would seem reasonable to expect that flexible monetary policies, which have been revised with such effectiveness in recent years, will continue to be a feature of the economies of both countries and it will follow from this that Canadian borrowers will turn to the U. S. market as circumstances appear to warrant. It must be added that a Canadian borrower who assumes an obligation to pay principal and interest in U. S. funds cannot, in the nature of things, know with any certainty what the Canadian dollar cost of financing his obligation will actually be over the life of the borrowing. The yield differential on the basis of existing exchange rates may appear attractive but the actual cost to the borrower will never finally be known until the last interest payment is met and principal repaid at maturity.

We are fortunate to have in Canada an active, skilled and highly reputable group of investment dealers. Their activities are well spread regionally and extend, in some instances, into the United States and the United Kingdom as well. This investment dealer organization performs an invaluable

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*Statement by Mr. Ball before the Royal Commission on Canada's Economic Prospects, Montreal, Canada.

THE MARKET . . . AND YOU

By WALLACE STREETE

Stocks spent most of the holiday-shortened week consolidating their gains in the main while coppers definitely eased both on weakness of the red metal's price in world markets and dour predictions that the high level was pricing it out of many competitive markets. It wasn't an illogical performance considering that the industrial average has nudged to new all-time high postings for four weeks running.

* * *

Kennecott was the weakling in the copper section, posting some of the wider declines to pace the division lower. It was far from a solo performance, however, since on a percentage basis some of the other issues in the group were equally as soft and the weakness spared none of the copper issues.

* * *

Even the oils, which have been doing about the best so far this year of any major group, were somewhat irregular as the list paused for a bit. A few such as Richfield, Honolulu and Barber, which have been featuring on talks of various kinds of deals, were able to counter the trend and the aircrafts developed some defensive characteristics that made it something of a new note for a group that had its best days some time ago.

* * *

Rails were given to coasting after they, too, had pushed to something of an historic peak—their best reading on average in a quarter century. Northern Pacific, largely because of its oil lands, was able to act more in concert with the petroleum issues than the carriers.

Some Awakening Laggards

The markets, consequently, were highly individualistic affairs and considerable culling was being done among the backward and laggard groups. These included the food issues, including chains and dairies, the utilities, airlines, retail trade, shoe finance and investment companies.

* * *

Even among the group that have done well, the attention was centered mostly on the backward members of these, such as Marathon in the papers which hasn't been overly aided by the recent play in the companies whose titles indicate they are definitely paper concerns. Marathon has been active in expanding and diversifying. One plant acquisition was a long-time drag since it had to be reconverted to the Marathon line at continuing expense for several years. But it is now straightened out and its output is being expanded. Another mill is being built in the South that won't be able to contribute to the firm's profits for some time. All of which indicates that the company, with record sales generally predicted for this year, doesn't seem to be at the end of the line yet, with ultimate benefits from its planning still to be realized for years ahead. The dividend is well protected, indication that some liberalization is not entirely unlikely. Until 1951 it had boosted sales each year without interruption. After the 1952 and 1953 downturn, however, the company started a new chain of constantly expanding sales that is still underway.

* * *

Air conditioner issues were also rather widely favored without stirring up too much yet marketwise. A year ago the industry was plagued with excessive inventories which were dumped on the market in a junior grade price war that not only ate into the demand but in turn forced curtailed production and a generally unsatisfactory year. The situation now is entirely different. Fedders Quigan, for instance, netted 52 cents a share in the February quarter against 14 cents last year.

* * *

Another industry grouping for which great things this year are predicted is that of highway trailers. Both Fruehauf and Pullman, whose Trailmobile division is Fruehauf's main competitor, have been showing stirrings marketwise. The advent of more clement weather is expected to indicate just how potent their lines will be. By most standards both issues are somewhat behind the market, notably Pullman whose backlog currently is around a third of a billion dollars and more than double the backlog of a year ago.

* * *

Auto issues are still rather definitely out of favor with no signs of any great spring upsurge yet but the auto supply firms, and particularly those that have diversified in recent years to lessen their dependence on the auto makers have been able to pursue an independent course. Houdaille Industries, which is among those that have been vigorously diversifying, is expected consequently to show a comfortable increase in net income this year despite the

fate of the auto business generally.

From Coal To Riches

Issues that appear interested in the recent odd-merger pattern include Philadelphia & Reading Corp. which was one of the country's largest anthracite coal companies until it, too, turned to diversification. Today it is the largest producer of men's and boys' underwear and one of the largest producers of leather boots. The first immediate benefit here, as in some other recent mergers, is the parent company's large tax-credit which will enable profits of the new units to be offset and boost the reported figure considerably. From its depletion and depreciation cash, the company has been active in repurchasing some of its own stock which is one of the more preferred ways of building up the earnings potential of an enterprise.

* * *

Shoe companies had their big bonanza when the returning veterans after War II rushed to the stores to renew their civilian needs but the results since then have been anything but cheering. However, last year's production ran to the best year-to-year gain since that time and has been sparking renewed interest in the group. Yields generally are above average in the group and the reports so far this year indicate that the profit gain experienced last year is continuing.

* * *

Tobacco companies, recurrently hit with cancer-scare stories, have been anything but popular and consequently are also in an above-average yield bracket. American Tobacco, for instance, posted a record high in revenues last year but has been anything but a market phenomenon, although it is in the forefront of the king-size and filter-tip lines that have been able to reverse the downward trend in cigaret consumption.

Well-Acting Glass Issues

Glass companies have been doing well marketwise and for good reason. In addition to being one of the lines less susceptible to business recessions than most, the production of glass containers has shown a steady increase with more persistence than most other industry charts. Owens-Illinois Glass, moreover, is not only the nation's giant in this field but is also something of an investment company through its holdings of Owens-Corning Fiberglas, a partial interest in the plastic squeeze bottle field, a minor interest in the paperboard business through Robert Gair plus other interests in Pittsburgh Corning Corp., Dow Corning Corp., Container Corp. and Pennsylvania Glass Sand. The company is thoroughly research-conscious and is reading currently some new commercial production items.

[The views expressed in this article do not necessarily at any time coincide with those of the "Chronicle." They are presented as those of the author only.]

Named Directors

Herbert Malkin, of Hirsch & Co., and William L. Pfeiffer have been elected directors of the Hydraulic Press Manufacturing Co. of Mount Gilead, Ohio.

Joins Stone, Youngberg

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — David E. Hartley has joined the staff of Stone & Youngberg, Russ Building.

Westheimer Adds

(Special to THE FINANCIAL CHRONICLE)

DAYTON, Ohio — Howard A. Fricke is with Westheimer & Company, Third National Bldg.

Western Secs. Offices

SALT LAKE CITY, Utah — Western Securities Corporation has opened a branch office at 257 Broadway, Idaho Falls, Idaho and at 231 Shoshone Street, North, Twin Falls, Idaho.

With Barrett Herrick

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo.—Clarence N. Fultz is now with Barrett Herrick & Co., Inc., 418 Locust Street.

With Colo. Inv. Co.

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — James H. Witherspoon, Jr. is now with Colorado Investment Company, Incorporated, Equitable Building.

Monetary Controls' Impact Upon Mortgage Banking

By HAROLD W. TORGERSON*
Professor of Finance, Northwestern University

Steps taken by the Federal Reserve and their effects upon mortgage bankers and others is reviewed by Professor Torgerson who shows that between 1954 and 1955 there was a 24% increase in bank loans, and two types expanding most rapidly were real estate and consumer loans. The mortgage loan share of the capital market in 1955 is depicted as 45%, comprising a major type of capital market investment. The Federal Reserve is praised for its willingness to take restraining action in order to promote economic stability and prices.

In the postwar period there has been a tremendous growth in financial institutions, including life insurance companies, savings banks, savings and loan associations, commercial banks, and sales finance companies. The business of financing has come to be of increasing importance in the economy. The terms on which many of our products are sold, including houses, furniture and furnishings, appliances of all kinds, and automobiles, have been an important factor in raising total sales in these industries.

Harold W. Torgerson

Mortgage banking also has been one of the real growth businesses in the postwar period. The loans processed in your organizations provide a major means of investment today for life insurance companies, savings banks, and other investors who must put to work the savings they gather. The volume of loans is of such size that they currently comprise a major type of investment in the capital markets. A study reported in the "Monthly Review" issued a few days ago by the Federal Reserve Bank of New York stated that of a total of $37.0 billion of net funds supplied in the capital markets in 1955, the major use was mortgage borrowings which absorbed about 45% of the total.

With this growth has come new problems and responsibilities. Prewar, and in the early years of the postwar period, probably the only concern of the Federal Reserve Board with mortgage banking was to consider how the flow of funds into residential and commercial construction could be encouraged. Today you are such important participants that you cannot avoid being affected by developments in the capital market, and by whatever control may be exercised over that market.

Under our law, the Federal Reserve Board has responsibility to watch economic developments and financial markets, and to do what it can to promote and stabilize our economy. Speaking at the Senate hearings recently on mortgage market problems, Chairman Martin of the Board stated that the "System's objective is to contribute to sustainable economic growth and to maintenance of a stable value of the dollar."

1955 Developments

Let us examine economic developments in 1955. From an over-all standpoint, last year was the most prosperous in our history. The gross national product, and the index of industrial production reached new peaks. Not only was total personal income at a new high, but per capita personal income, after adjustment for the rising price level, set a new record. Industry after industry shared in the prosperity, the major exception being agriculture. In the construction field, investment in residential nonfarm housing, commercial and industrial building, and Federal, state and local construction all reached new high levels. The number of housing starts was slightly lower than in 1950. However, the value of nonfarm residential construction was $16.6 billion in 1955 as compared to $12.6 billion in 1950, an increase of 31%. The average dollar value per house was greater, reflecting some increase in the size as well as a higher level of prices. There seems sometimes to be an overemphasis on the number of housing starts, and underemphasis on the dollar value of the construction. Dollar value is a better measure from a financing standpoint.

Along with this prosperity came certain important developments in the field of prices. The wholesale index of commodity prices remained about the same, but this stable level of over-all prices tends to conceal a fairly substantial rise in the prices of industrial products, and a considerable decline in the prices of farm products. In the construction field we also had advances in prices. Chairman Martin of the Federal Reserve Board has called attention to considerable increases in prices of building materials beginning in mid-1954. Examples are the increases in various types of lumber, in wood products, and in plumbing equipment.

Loan Expansion

There were also important developments in the banking system during this period. Perhaps it would be well to start with 1953, the early months of which you may recall as a period of very tight money in the mortgage field. In May of 1953, the Federal Reserve took steps to increase the availability of credit by open market purchases which enlarged the supply of bank reserve funds. When signs of receding economic activity appeared, the reserve requirements of banks were reduced in July, 1953, and again in June, 1954, thus providing the banks with the reserves necessary for a considerable loan expansion. As of the end of August 1954, total commercial bank loans were $66.5 billion, and bank borrowings at the Reserve banks were only $178 million. Interest rates were low, and money was plentiful. As the business expansion proceeded in late 1954 and through 1955, the demand for credit increased. Banks expanded loans so rapidly that in a period of 16 months ending in December 1955 total loans increased $16.2 billion, or about 24%. The expansion permitted by the 1953 and 1954 decreases in bank reserve requirements was fully accomplished. Two of the types of loans which expanded most rapidly were real estate loans and loans to finance consumer installment purchases.

Federal Reserve Attitude and Policy

Let us now consider Federal Reserve policy in the recent period. In December 1954, the Reserve's policy of "actively maintaining a condition of ease in the money market" was changed by deletion of the word "actively." The official record of policy actions of the Federal Open Market Committee for 1955 is not yet available, but it has been obvious that the Board has been taking steps to restrain the boom and to prevent price inflation.

The first evidence of this is that during 1955 there were four increases in the discount rate, with the rate increasing from 1½% in early 1955 to 2½% at the close of the year.

A second indication of the attitude of the Reserve authorities was the cautionary talks last summer between President Sproul of the New York Federal Reserve Bank and certain commercial banks with respect to warehousing of mortgages. Newspaper reports stated that member banks were advised that a bank was not within its rights in seeking discounts or advances from the Federal Reserve Bank in order to make or maintain large mortgage warehousing loans. President Sproul later stated that he was not against "appropriate and customary uses of bank credit in financing the home building industry" but he thought "it was not the time for an extraordinary diversion of bank credit into the mortgage market as a substitute for savings." Closely related to these talks were the special reports that leading member banks were requested to make to the Reserve Board with respect to the volume of real estate loans purchased from real estate mortgage lenders under resale agreements, and loans to real estate mortgage lenders. Reports were required as of Aug. 10, 1955, Nov. 16, 1955, and as of Feb. 15, 1956.

Another indication of the attitude of the Board was its pressure on bank reserves. During the year there was a gradual tightening, and from August to the present time member bank borrowings have exceeded their excess reserves. In the major money markets of New York and Chicago, the reserve positions of member banks were especially tight. As a result of these various policies, and of the large demand for funds, there was in 1955 a gradual rise in long term interest rates and a sharp rise in short term rates. Borrowers at banks found it increasingly difficult to arrange credit.

Interest Rate Effect

What was the impact of these policies on mortgage bankers? Let us consider first the effects of the rise in interest rates. While a general increase in interest rates applies to all borrowers, the effect on some seems inconsequential, while in other cases it is very significant. For people borrowing for a short period, such as a merchant getting a loan to finance a Christmas season inventory, interest is likely to be a minor factor in total costs, and an increase may hardly be noticed. For long term borrowers, such as buyers of residential properties, the interest cost is likely to be an important factor. In the case of a $10,000 conventional loan amortized over 25 years, an increase in the interest rate from 4½% to 5% raises the monthly payment by $2.87 and raises the total interest cost over the life of the loan from $6,677 to $7,538, an increase of 12.9%. This probably has some influence on marginal buyers, and reduces the demand for loans.

The increase in interest rates also tends to exert a greater influence on VA and FHA loans than on conventional loans. This is because the interest rates on

Continued on page 63

*An address by Professor Torgerson before the First Annual Southwestern Senior Executives Conference, Mortgage Bankers Association of America, Dallas, Texas, March 19, 1956.

Business Activity to Continue High: Broderick

Lehman Brothers economist disagrees with economic colleagues in predicting a rising, rather than a declining, second half in 1956.

Forecasts of a dip in the nation's economy during the last six months of 1956, based on declines in passenger car production and housing starts, will be mistaken, a leading economist told 500 investment bankers March 15.

Charles T. Broderick

Addressing the Central States Group of the Investment Bankers Association of America in the Drake Hotel, Chicago, Charles T. Broderick, chief economist of Lehman Brothers, said that on the contrary, business activity will rise in the second half of this year.

"As 1955 drew to a close, it was the consensus of the economic fraternity that general business activity would remain strong during the first half of this year but would weaken in the second half. This forecast is wrong from every angle," he said.

In the first place, more cars were made in 1955 than were sold, whereas the reverse is likely to be true in 1956, he said. "Even if automobile production were to fall from last year's 7,900,000 cars to only 6,500,000 this year, consumer spending on new cars and on the operation of old cars would slide far less than is popularly supposed.

"As for residential building, it is a common error to compare housing starts for 1955 as a whole with the volume of housing expected for 1956, forgetting that the annual rate of such starts fell from 1,400,000 in January 1955, to only 1,200,000 by the end of the year. This decline has already been absorbed by the economy. The economist said he thinks a rate of 1,200,000 starts will be maintained throughout 1956.

Supply & Demand for Investment Funds in 1956

Roy L. Reierson compares $41 billion new investment and short-term 1955 demand with the anticipated $30 billion 1956 market and concludes: (1) principal relaxation will be short-term credit; (2) bond yield easing likely to be "fairly moderate;" and (3) small market would be receptive to Treasury long terms similar to 40 year non callables issued in 1955.

Banks in 1956 should be in a better position to meet long-term funds not met out of real savings flow. This was one of the investment outlook appraisals made by Roy L. Reierson, Vice-President and Economist, Bankers Trust Co., at the "Financial Outlook" sessions at the National Industrial Conference Board's 366th Meeting held March 22, in Atlanta.

Roy L. Reierson

Mr. Reierson reviewed market changes in the preceding year and observed that:

"Developments in the investment markets in 1955 mirrored the steady expansion in economic activity in the course of the year. This expansion reflected in part a boom in automobiles and in housing, and brought with it higher working capital requirements of business; it therefore involved the use of investment funds and bank credit on an extensive scale.

Savings Supply and Demand

"Demands for investment funds surged to greater heights than ever before. The major components of demand in the investment markets—net new issues of corporate and municipal securities, increase in real estate mortgage debt, and new long-term Treasury borrowing—were more than 25% above the preceding year. Savings flowing into the major savings institutions, on the other hand—to life insurance companies, to savings banks and savings and loan associations, and to pension and retirement funds — increased only moderately more in 1955 than in 1954.

"Thus, the supply of savings failed to keep pace with demands for investment funds, and the commercial banking system was called upon to help redress this imbalance by providing substantial credit for investment purposes, in addition to meeting large demands for short-term funds. Indeed, net demands for long- and short-term financing combined soared to about $41 billion in 1955 compared with less than $25 billion in 1954. Since the Federal Reserve in the course of 1955 shifted to a progressively restrictive credit policy, the general trend of interest rates was clearly upward.

1956 Outlook

"The picture in 1956 is likely to differ from that of a year ago in several important respects," Mr. Reierson observed and then went on to make the following outlook appraisals: "The business picture has already changed; general and widespread strength has been replaced by a mixture of advances with declines. Although demands for investment funds are likely to be fairly high, demands for short-term credit are expected to be materially less than in 1955. In all, new demands for investment funds and short-term credit combined may be only some $30 billion in 1956, or more than $11 billion below the 1955 aggregate.

"In most major sectors of the investment market, demands for funds are not expected to differ widely from 1955 levels. Thus, new long-term financing in 1956 by business corporations may be estimated near last year's total, and the debt of state and local governments is also likely to show about the same increase as in 1955. Some reduction is conceivable in the field of mortgage financing, since it seems reasonable to assume that fewer houses will be completed than in the record year 1955; however, higher costs and the increasing size of new homes, among other factors, make any pronounced shrinkage in demands for mortgage money quite unlikely.

"The flow of cash savings to major investment institutions tends to grow steadily over the years, but at a fairly modest pace. Although the rise anticipated for 1956 is likely to be fairly moderate, it will probably help to ease some of the pressures created by the large net demands for investment funds in 1955.

"Furthermore, since demands for short-term financing should slow-down substantially from last year's pace, pressures on the banking system resulting from an

overflow of requirements from the investment market should be markedly less. Despite the unpredictability of automobile sales, it is reasonable to assume that consumer instalment credit, which was one of the major stimulants to credit expansion last year, will show only a moderate net increase in 1956. Nor are business borrowings from the commercial banks likely to rise as sharply as in 1955. Thus, the commercial banking system should be able to cope more readily with demands for long-term funds that cannot be met out of the current flow of savings.

"These considerations suggest that the investment environment in 1956 may be receptive to long-term Treasury offerings in modest amounts. Recent experience has demonstrated that the Treasury may count on a small but dependable market for long-term government securities among investment institutions, provided that the terms of the offering are designed to meet their needs, as were the 3% noncallable 40-year bonds issued in 1955.

"If these expectations appear reasonable, it seems permissible to assume that the credit and investment markets have already experienced most of the pressures to which they may be subjected in the current business cycle. However, any easing in bond yields is likely to be fairly moderate for the time being. Since the brunt of the increased pressures in 1955 was borne by the short-term credit markets, one may conclude that relaxation will be reflected primarily in the short-term sector.

"In appraising the outlook for interest rates, however, credit policy obviously remains a decisive factor, and this in turn depends upon the course of business, which in recent months has shown signs of moderating its pace of expansion. So far in 1956, the money market has remained relatively tight, but the Federal Reserve has refrained from pressing restraint any further. Should business activity decline or even level off, credit restraint may be expected to be relaxed fairly promptly. Even a mild relaxation of restrain would in all likelihood produce a significant easing of yields in the money market, and, at least to some extent, this would probably be communicated to the markets for intermediate and longer term obligations."

Harris, Upham Adds

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo. — Robert E. Meyer is now connected with Harris, Upham & Co., 912 Baltimore Avenue. Mr. Meyer was formerly with B. C. Christopher & Co.

With Dempsey-Tegeler

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — Milton E. Metzler is now with Dempsey-Tegeler & Co., 10th and Locust Street, members of the New York and Midwest Stock Exchanges.

Joins Edward D. Jones

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — Robert L. Cowee has become affiliated with Edward D. Jones & Co., 300 North Fourth Street, members of the New York and Midwest Stock Exchanges. Mr. Cowee was previously with Albert Theis & Sons.

With P. W. Brooks

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Me. — Robert T. Scott is with P. W. Brooks & Co., Inc.

With Hamilton Managem't

(Special to THE FINANCIAL CHRONICLE)

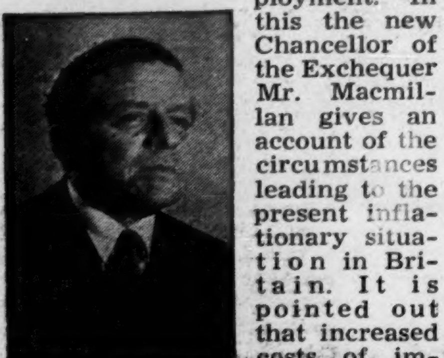
BOSTON, Mass. — Christos Alexion is now with Hamilton Management Corporation, 127 Fremont Street.

British Voluntary Action Against Chronic Inflation

By PAUL EINZIG

Citing recent British White Paper data to refute Trade Unions agreement that wage increases are a consequence and not the cause of rising living costs, Dr. Einzig compares Great Britain to Western Germany wherein the latter's domestic purchasing power restrictions permitted production rise to be more than offset by export expansion. Should the Government not obtain voluntary self-restraint in its disinflationary program, the British economist declares there will be "no choice but to wield the big stick notwithstanding the [political] consequences."

LONDON, Eng.—On March 22 the British Government issued a White Paper entitled "The Economic Implications of Full Employment." In this the new Chancellor of the Exchequer Mr. Macmillan gives an account of the circumstances leading to the present inflationary situation in Britain. It is pointed out that increased costs of imported goods, taxation and the removal of subsidies between them only accounted for about one-third of the rise in prices that has taken place during the last nine years. The remaining two-thirds was due to an excess of the increase of incomes over the increase of the output. In other words, although the volume of goods has increased during that period, the volume of money chasing these goods has increased to a much larger extent.



Dr. Paul Einzig

Notwithstanding the recent substantial increases of dividends, the extent to which their amount was higher than before the war is only about half the extent to which wages and salaries increased compared with their prewar level. This fact in itself is sufficient to indicate the main cause of British inflation. It effectively disposes of the favorite argument of the Trade Unions that wages increases are the consequence of the rising cost of living and not its cause.

As a matter of fact, the government White Paper grossly understates the extent to which wages increases have been responsible for the rise in prices. It lumps together wages and salaries. Since the salaries of government employees, bank employees and most other categories of clerical workers have risen considerably less than the average, the wages of factory workers and mine workers have risen considerably more.

On the other hand, the figure of dividends increases does not allow for the considerable increase in the taxation of unearned incomes, especially those of the higher income groups since the war. It is doubtful whether the total amount received in dividends after deduction of taxation at the source and payment of surtax by many recipients was higher in 1955 than in 1938. And after all, from the point of view of consumer purchasing power it is taxed incomes which really matter.

The White Paper is anxious, however, to avoid antagonizing the working classes by making out a too strong case against the role they played in bringing about inflation. Its main object is not an allocation of blame but the initiation of a campaign in favor of voluntary action to check inflation. Since the Government wants to appeal to the Unions and its members to moderate their wages claims, it was considered expedient to handle them very tactfully, so that no offense should be taken by the presentation of the Government's case. Indeed the Government has carried tact so far as to omit to give a definition of full employment, and the hated word "overfull employment" does not even appear in the text.

At the Press Conference following on the publication of the White Paper, Mr. Macmillan explained that in his opinion it would not matter if employment were excessive, so long as industry produced for the right purpose. By this he meant that overfull employment would not be harmful if a sufficiently large proportion of the goods produced were exported. Unfortunately, this is not the case in Britain. Consumer purchasing power has increased to such an extent that industry has been producing overwhelmingly for the domestic market. That this need not necessarily be the case is shown by the experience of Western Germany, where the expansion of production during recent years was accompanied by a more than proportionate expansion of exports. In Britain, on the other hand, the increase of the output was absorbed by the increase in domestic purchasing power due to unwarranted increases in wages.

Mr. Macmillan has already indicated that, if necessary, the Government is prepared to take firm action to check inflation even if in doing so it is bound to hurt business firms and their employees alike. At the same time the Government is anxious to uphold its policy of full employment. The Chancellor of the Exchequer would then be in a position to break the wages spiral by carrying the credit squeeze even further. But this would necessarily mean a number of bankruptcies and an increase of unemployment.

Up to now the increase has been quite negligble, and the number of unfilled vacancies is still well in excess of the number of unemployed. Nevertheless, the Opposition is determined to put up the utmost resistance to any reduction in the extent of employment, no matter how slight, and no matter how fully it is justified by the need for checking inflation. In a recent Debate in the House of Commons criticism of the Government's policy in connection with the dismissal of a few thousand workers gave rise to hysterical scenes on the part of some Members of Parliament representing the Constituencies directly affected. They have used up their whole vocabulary of invective, so that now they would not be able to be adequately rude to the Government if the number of unemployed should rise to millions.

The Government fully realizes the political implications of this resistance to unemployment. For this reason, before resorting to further drastic disinflationary measures, it is making an attempt to enlist the cooperation of both sides of industry to obviate the necessity for drastic action. It remains to be seen whether this plea for cooperation will lead to the desired effect. Failing that Mr. Macmillan will have no choice but to wield the big stick notwithstanding the consequences. He warned the country that, even though the Government is against unemployment, it might develop unless those concerned are prepared to practice self-restraint.

Air Conditioning Industry Boom Forecast

General Motors Vice-President states air conditioning sales in next five years will almost double those of past five years.

Mason M. Roberts, General Motors Vice-President and head of Frigidaire, said that the air conditioning industry is entering the "biggest selling season in its history" and predicted the future of the business will be bright for years to come.

M. M. Roberts

Mr. Roberts declared that "both old and new homes without air conditioning, as well as uncooled automobiles, will be rendered completely obsolete throughout two-thirds of the country in less than 10 years."

More immediately, he foresaw 1956 as "a record-breaking year for the air conditioning business" with sales topping even the peak attained by the industry in 1955.

He based his optimism for the future on booming residential construction, increasing home modernization activity and dynamic strides in development of ever-improving air conditioning products.

Room air conditioner sales during the next five years, according to Mr. Roberts, will be about double those of the past five years. Extensive gains also were predicted for residential central system air conditioners.

"As a result of the growing popularity of central systems, especially in the new home building field, sales of these units during the next five years, will be up five-fold over the past five years."

Mr. Roberts explained that the skyrocketing room cooler business, which has increased six-fold during the past five years, has now reached "a state of maturity." Unit sales this year and during the next few years will approximate those of electric ranges, and actually exceed such major appliances as electric dryers and food freezers.

According to Mr. Roberts, a replacement market for air conditioners is already developing. Customers who purchased room units several years ago are buying larger ones with more capacity. In many other cases, room units are being replaced by residential central systems.

In the field of product development, he said that one intriguing future possibility is the use of solar energy—utilizing heat from the sun to operate home cooling equipment which, in turn, counteracts the sun's own heat.

He pointed out that there may be at tremendous potential for air conditioning equipment beyond the residential and business uses as we know them today. As an example, he pointed out that sidewalks of entire shopping centers may be air conditioned in the future.

Mr. Roberts stressed the fact that Frigidaire is broadening its line of air conditioning products and intensifying its efforts in all phases of the business including increased sales, promotion and product research activity.

With Donald Campbell

(Special to THE FINANCIAL CHRONICLE)

BOULDER, Colo. — Fred H. Chrisman is now with Donald M. Campbell Investment Company, Mountain Savings Building. Mr. Chrisman was previously with Allen Investment Co.

From Washington Ahead of the News

By CARLISLE BARGERON

Balancing of the budget, as applied to the finances of the Federal Government, has been a political catch phrase ever since 1932. Herbert Hoover had increased the national debt by the alarming sum of $3 billion. Nobody seemed to be more concerned about this state of affairs than Franklin D. Roosevelt. He harped on it throughout his 1932 campaign.

Carlisle Bargeron

Then in eight years he jumped the debt to $45 billion, an increase of $26 billion. Today, of course, it is close to $300 billion.

In the Congressional campaigns of 1934 the Republicans took up the "balance the budget" cry, whereupon the Democrats gained seats in the House and Senate. It has been a Republican theme year in and year out from that time on.

Now, as of June 30, we are told, the budget will finally be balanced. It will be a precarious balance at best, but presumably it will be close enough to suffice for the real thing.

The man who probably had more to do with this accomplishment than any other one man leaves the government April 1. He is Rowland Hughes, the Budget Director. He deserves a send-off for a job well done.

He has had the assistance and support, of course, of the President and Secretary of the Treasury Humphrey, but he is the one who had to put in the long hours saying no to the countless government agencies and the outside pressure groups. He has an easy laugh and an easy accessibility, but he is as firm as a rock.

He had been a close student of the budget for a long time before he came to Washington from the National City Bank as Deputy Budget Director. He succeeded to the directorship after a few months. It was he who, during the 80th Congress, organized a group of private industry researchers, analysts, economists and the like to go through the government with a fine toothed comb. They did a thorough job of it but not much progress was made in cutting down on the budget. For one thing the Republicans remained in power for only one term. They returned to a slim control of the 82nd Congress but now the Democrats are back in the saddle on Capitol Hill and it is a commentary on Hughes' work that his accomplishment has come mostly with the Democrats in charge of Congress.

Probably the outstanding effect of the near or precarious budget balance that will be reached on June 30 is that it is serving as a deterrent on further spending. It is difficult to discern this with the naked eye, with the Administration asking for increased funds for foreign aid and for such as a survey of the hydroelectric potentials of Passamaquoddy Bay, a project dear to the heart of Roosevelt but squelched by the Republicans more than 15 years ago. But nevertheless there is an increasing feeling against spending in Congress. We are not likely to see the millenium overnight but the argument to pressure groups in Congress and out—"You don't want to unbalance the budget, do you?"—is having more effect than at any time in many years past.

I would not at all be surprised to see the ambitious Federal highway program caught in this atmosphere, and I have the impression that the Administration will not be too greatly disappointed. It would like to have a program with sufficient revenues to pay for it but that doesn't seem to be in the cards.

Mr. Hughes will undoubtedly recall his experience with the Dixon-Yates contract as one of the most interesting episodes of his life. Had he not long been a student of the Washington scene this would probably have unnerved him. How a small group of TVA supporters could blow this incident up into a national controversy, a national "scandal," about which much will be heard in the forthcoming campaigns, should provide a case study for students of the American political scene for many years to come. A textbook should be written on it entitled "How to be a successful demagogue." But if the controversy ever worried Hughes it was not apparent. He was given the job of checking the spread of TVA and he sought to do it.

Incidentally, now that he is relinquishing the reins, the Administration seems to be by way of backtracking all the way in its stand on TVA. Apparently the Administration is willing to let TVA use its own funds and to issue its own bonds to finance its expansion. Its supporters never dreamed it would get such a break.

Anyway, Rowland Hughes has been one of the most capable men we have had around here in a long time.

With Mid Continent Secs.

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — Donald I. Duncan is now with Mid Continent Securities Corporation, 3520 Hampton Avenue.

Joins Kirkpatrick-Pettis

(Special to THE FINANCIAL CHRONICLE)

OMAHA, Neb. — John C. Schroeder has joined the staff of Kirkpatrick-Pettis, Company Omaha National Bank Building.

With Bache & Co.

(Special to THE FINANCIAL CHRONICLE)

AKRON, Ohio—Perth K. Killinger is with Bache & Co., Second National Building. In the past he was with Wm. J. Mericka & Co., Inc.

With A. G. Edwards

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — Robert E. Richter has been added to the staff of A. G. Edwards & Sons, 409 North Eighth Street, members of the New York and Midwest Stock Exchanges.

A. G. Edwards Adds

(Special to THE FINANCIAL CHRONICLE)

BELLEVILLE, Ill.—Lindell L. Barker is now with A. G. Edwards & Sons, 26 A Public Square.

Joins Barrett Herrick

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — Homer A. Heid has joined the staff of Barrett Herrick & Co., Inc., 418 Locust Street.

Continued from page 11

Long-Run Farm Mtge. Investment Outlook

flected in continued increase in the demand for farm mortgage credit. It is anticipated that many farmers who have substantial equities in their properties will use farm mortgage credit to refinance short-term indebtedness. The financial position of many farmers can be improved by adjusting indebtedness so that it can be paid over a larger period of time. At present, it appears that farm mortgage funds will be available to meet all reasonable demands for farm mortgage credit during the present year but current conditions indicate that interest rates on farm mortgage loans may increase to some extent.

The year 1956 offers a challenge to farm mortgage lenders. The test of a good farm mortgage loan system, after all, is its ability to aid deserving borrowers in a period of strain. Many farmers, now caught in the cost-price squeeze, will need assistance and farm mortgage institutions are in a position to be helpful. Loan programs should be maintained on a flexible basis so that the terms of loans can be written to meet the changing conditions which are found in agriculture. Also, there are still opportunities for farmers to utilize farm mortgage credit for farm improvements and to increase efficiency in their farming operations.

Long-Term View

My remarks here today on the agricultural situation may be interpreted as rather bearish since the immediate situation facing us in farming is not bright. However, I would like to close my remarks on a note of optimism on the long-term outlook for agriculture, and it is the long-term situation which is of particular interest to farm mortgage lenders. Farming is a basic industry. Our people must have food and fiber. With the population of our country growing rapidly we can expect an increasing total demand for farm products over the years and improved markets for farmers. Farm real estate, which is the basic security for farm mortgage loans, is one of our major permanent resources. Also, farming is being adjusted to larger and more efficient family units and is being operated increasingly on a better business basis. This means that over the years one of the soundest investments will be a mortgage on a good farm operated by a capable farmer. The road just ahead may seem rough but for the long pull farm mortgage lenders can look ahead with confidence. Farm mortgage loans intelligently made offer an opportunity for sound investment of capital and service to American agriculture.

A.S.E. 25-Yr. Club Elects

Francis X. Gaudino has been elected President of the American Stock Exchange Employees' Quarter Century Club. Also elected were Wilmont H. Goodrich, Vice-President; John V. Creed, Treasurer, and John W. Gilfillan, Secretary.

Organized in 1946, the Club is composed of employees of the American Stock Exchange and its subsidiary, the American Stock Exchange Clearing Corporation, who have been with the exchange for 25 or more years.

With Straus, Blosser

(Special to The Financial Chronicle)

KANSAS CITY, Mo. — Eugene J. Agron has been added to the staff of Straus, Blosser & McDowell, 20 West Ninth Street. Mr. Agron was previously with E. R. Bell Co.

Joins Lincoln McRae

(Special to The Financial Chronicle)

ROCKLAND, Maine—Maynard R. Young, Jr. has become associated with Lincoln E. McRae, 292 Main Street. Mr. Young was formerly with Clifford J. Murphy Co.

Form Murray & Frost

PHILADELPHIA, Pa. — Joseph E. Murray and Paul Frost have formed Murray and Frost with offices in the Land Title Building to engage in a securities business.

Joins Farwell, Chapman

(Special to The Financial Chronicle)

CHICAGO, Ill. — Gordon Farquhar has joined the staff of Farwell, Chapman & Co., 208 South La Salle Street, members of the New York and Midwest Stock Exchanges.

Frank Edenfield Adds

(Special to The Financial Chronicle)

MIAMI, Fla. — Benjamin Brodick has been added to the staff of Frank L. Edenfield & Co., 8340 N. E. Second Avenue.

Farrell to Admit

On April 2, Morris Joseph, member of the New York Stock Exchange, will become a partner in Farrell & Co., 52 Wall Street, New York City, members of the New York Stock Exchange.

A. A. Biddle Opens

NEWTOWN SQUARE, Pa.—Alfred A. Biddle is engaging in a securities business from offices here. Mr. Biddle was formerly a partner in Biddle, Whelen & Co.

D. B. Gadlow Opens

SAN FRANCISCO, Calif. — David B. Gadlow is engaging in a securities business from offices at 110 Sutter Street under the firm name of Corporate Funds Placement Service.

With Amott, Baker

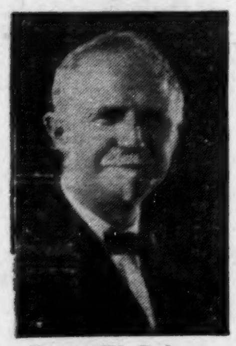
Arnold M. Lang is now associated with Amott, Baker & Co., Incorporated, 150 Broadway, New York City, members of the New York Stock Exchange, as a registered representative.

The Extent of Fire Losses In the American Economy

By ROGER W. BABSON

Massachusetts business observer is appalled by fire loss extent, lists causes for fires and praises the National Board of Fire Underwriters. Mr. Babson recommends raising fire coverage to adjust to rising costs and increasing insurance protection to meet other contingencies.

Fire losses have so increased that I feel the subject should interest everyone, whether manufacturer, merchant, or householder. The financial loss may be covered by insurance, but insurance does not cover other losses, especially in the case of a successful business or a happy home.



Roger W. Babson

Unfortunately, a certain number of fires are set, some by mentally deranged people, or by juvenile delinquents. Other fires are set by unsuccessful businessmen who use the fires "to sell their business to the insurance company." In view of the large number of "set" fires, the little red fire-alarm boxes at street corners will always remain in use. No one who sets a fire will ever notify the Fire Department! This must be done by someone who discovers the fire when walking along the street. As such discovery is made only after the fire has got a good start, "set" fires are the most dangerous.

With the exception of fires started from explosions, practically all fires could be smothered, at their start, by someone with common sense. This is especially true, as 27% of the fires are officially reported as starting from "Matches and Smoking." In addition to the thousands of lives which have been lost in these 27% of fires, the property loss amounted to $453,341,831 — all from matches and smoking. (See table below.)

In this connection I wish to acknowledge a debt of gratitude owed the National Board of Fire Underwriters, especially their General Manager, Mr. L. A. Vincent, and their Chief Engineer, Mr. John A. Neal. This board has various functions. It originates most of the publicity issued to prevent fires; it maintains a legal staff to detect and prosecute those who are suspected of setting fires; and through the Underwriter's Laboratory of Chicago, the board tests fire extinguishers, sprinkler systems, electric alarms, and gadgets which are publicly offered for the prevention of fires. This latter is very important work. But your very best friend is your local Fire Chief.

What About Insurance?

Too many people take the position, "Why worry, because the insurance company will pay the bill." Although, in case of loss, you get a check from one or more insurance companies, yet this loss is merely collected by the insurance companies from the premiums which they assess plus the cost of operation ~~to all who~~ take out policies. In fact, the real loss from fires is considerably more than the amount paid out as insurance. Due to the high character of the men who operate these insurance companies and the careful supervision given them by the official State Boards, their financial record is excellent.

Therefore, I urge every reader to see that his factory, his store, and his home are well covered by insurance. Furthermore, in view of the rising cost of building, insurance, in most cases, needs to be increased at the present time. I believe every reader of this column should check his insurance policies today and see that they cover not only fire losses, but also losses from wind storms, accidents, and other disasters. Frankly, I am a great believer in all forms of insurance, and this includes life insurance, for family protection, for the payment of estate taxes, and for other purposes.

Causes of Fires

The following figures for the past three years have been issued by the National Board of Fire Underwriters:

Causes	Number	%	Property Loss
Matches — Smoking	666,812	26.90	$453,341,831
Misuse of Electricity	330,047	13.31	405,896,793
Exposure to other Fires	180,220	7.27	270,946.033
Petroleum Products	195,645	7.89	218,625,639
Stoves, Furnaces, Boilers	170,639	6.88	230,158,430
Overheated Chimneys or Flues	115,697	4.67	146,475,730
Spontaneous Combustion	47,127	1.90	140,263,778
Lightning	224,694	9.06	143,601,697
Miscellaneous	88,105	3.55	127,540,039
Friction and Sparks	25,233	1.02	76,251,420
Open Lights	76,653	3.09	73,693,025
Gas—Natural and Artificial	43,505	1.76	70,351,893
Ignition of Hot Grease, etc.	97,143	3.92	50,303,751
Explosions	24,114	0.97	48,793,380
Hot Ashes and Coals	69,782	2.82	54,320,903
Chemical Combustion	25,358	1.02	41,981,665
Sparks on Roofs	38,422	1.55	38,120,602
Rubbish and Litter	56,734	2.29	51,710,803
Fireworks, Balloons, etc.	3,326	0.13	2,811,229
Total	2,479,256	100.00	$2,645,183,650

Two With Mid Continent

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo.—Mrs. Eva Anastasoff and Gene R. Frederic have joined the staff of Mid-Continent Securities Corp., 3520 Hampton Avenue.

I. M. Simon Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — Robert A. Rosenthal has been added to the staff of I. M. Simon & Co., 315 North Fourth Street, members of the New York and Midwest Stock Exchanges.

Philip Savy Opens

(Special to THE FINANCIAL CHRONICLE)

JACKSON HEIGHTS, N. Y. — Philip Savy is engaging in a securities business from offices at 35-35 Seventy-fifth Street. He was formerly with Federated Management Corp. and Coburn & Middlebrook, Incorporated.

American Alloys Corp. Pfd. Stock Offered

Public offering of 130,000 shares of American Alloys Corp. 6% cumulative convertible preferred stock at a price of $5 per share was made yesterday (March 28) by S. D. Fuller & Co. of New York City.

The corporation plans to apply the net proceeds from the financing toward the retirement of bank and mortgage indebtedness, and the construction of additional productive facilities. In view of expenditures already made, it is estimated that the proposed additional capacity will increase the company's total ingot capacity another 18,000,000 pounds, or 75%, to an annual rate of 42,000,000 pounds and will cost about $50,000 at present construction costs. The balance of the net proceeds will be added to the company's cash resources and used for general corporate purposes.

American Alloys Corp., located in Kansas City, Mo., is primarily engaged in the business of smelting and refining scrap aluminum alloy ingot. The company's ingot is sold to the foundry and die-casting industries for use in the fabrication of alumium castings. Consumers include the building, construction, automobile, railroad, aircraft, appliance, electrical and electronic industries.

For the four months ended Dec. 31, 1955, the company reported net sales of $1,231,046, compared with $751,101 in the like period of 1954.

Reichard & Mallin B. J. Van Ingen V.-Ps.

B. J. Van Ingen & Co. Inc., 57 William Street, New York City, underwriters and distributors of municipal bonds, have announced that Fred W. Reichard has been elected a Vice-President and Frank M. Mallin Treasurer of the firm.

H. A. Allen Joins Southern Inv. Co.

CHARLOTTE, N. C.—Harry A. Allen is now associated with Southern Investment Company, Johnston Building, as registered representative in the Charlotte area. He was former Secretary and Business Manager of the Charlotte "Observer," one of the leading newspapers in the south.

Green, Ellis Admit

Green, Ellis & Anderson 61 Broadway, New York City, members of the New York Stock Exchange on April 1, will admit Robert L. Klotz to general partnership and Malcolm J. Edgerton Jr. to limited partnership. Mr. Klotz will make his headquarters in the firm's Hazleton, Pa. office.

Hayden, Stone Admits

On Apirl 1, J. Robert Hewitt will become a limited partner in Hayden, Stone & Co., 25 Broad Street, New York City, members of the New York Stock Exchange.

Haydock, Schreiber Partner

Ronald M. Belin, member of the New York Stock Exchange, on April 1, will be admitted to partnership in Haydock, Schreiber, Mitchel & Watts, 120 Broadway, New York City, members of the New York Stock Exchange.

Forms B. Zwang Co.

Benjamin Zwang is conducting a securities business from offices at 32 Broadway, New York City, under the firm name of Benjamin Zwang & Co.

NSTA Notes

BOND CLUB OF PITTSBURGH

At the annual meeting of the Bond Club of Pittsburgh, the following officers were elected:

President: John R. Klima, Reed, Lear & Co.
Vice-President: Arthur F. Humphrey, Hulme, Applegate and Humphrey.
Treasurer: William G. Simpson, Simpson, Emery & Co., Inc.
Secretary: Robert M. Stewart, Moore, Leonard & Lynch.

John R. Klima

A. F. Humphrey, Jr.

William G. Simpson

The Board of Governors for the year are: W. Bruce McConnel, Jr., Singer, Dean & Scribner; W. Stanley Dodworth; John C. Succop; Addison W. Arthurs, Arthurs, Lestrange & Co.; Edward C. Kost, A. E. Masten & Company.

NSTA CONVENTION

The 23rd Annual Convention of the National Security Traders Association will be held Oct. 24-27, 1956 at the El Mirador Hotel, Palm Springs, Calif.

Late October is one of the most delightful seasons of the year to enjoy the flower filled gardens, outdoor play areas and the Olympic swimming pool at El Mirador. Badminton and Tennis Courts are located on the hotel property and riding horses can be rented at a nearby stable. Arrangements can be made for the guests to play golf at one of the nearby courses.

The convention program will provide ample opportunity for play and social activities and the opportunity to renew old acquaintances in addition to the usual business meetings and forums.

A Special Train for Convention delegates, their wives and guests will leave Chicago Monday morning, Oct. 22, stopping at Las Vegas, Nev., Tuesday afternoon for a visit to Hoover Dam. In the evening, the group will have dinner at one of the name hotels and view one of the fabulous floor shows for which Las Vegas is famous. Leaving late that evening the party will arrive at Palm Springs after breakfast on Wednesday morning.

Leaving Palm Springs Sunday morning, Oct. 28 the Special Train group will spend two days in Los Angeles, leaving for San Francisco Tuesday evening, Oct. 30. After two days in San Francisco the Special Train will leave Friday afternoon, Nov. 2, arriving in Chicago Sunday morning, Nov. 4.

SECURITY TRADERS ASSOCIATION OF NEW YORK

Security Traders Association of New York, Inc. (STANY) Bowling League standing as of March 22, 1956 are as follows:

Team	Points
Bradley (Capt.), C. Murphy, Voccolli, Rogers, Hunter	31
Leinhardt (Capt.), Bies, Pollock, Kuehner, Fredericks	30
Growney (Capt.), Define, Alexander, Montanye, Weseman	29
Serlen (Capt.), Gold, Krumholz, Wechsler, Gersten	27½
Krisam (Capt.), Farrell, Clemence, Gronick, Flanagan	27
Donadio (Capt.), Brown, Rappa, Shaw, Demaye	26
Barker (Capt.), Bernberg, H. Murphy, Whiting, McGovan	26
Kaiser (Capt.), Kullman, Werkmeister, O'Conner, Strauss	26
Leone (Capt.), Gavin, Fitzpatrick, Valentine, Greenberg	23½
Topol (Capt.), Eiger, Nieman, Weissman, Forbes	22
Meyer (Capt.), Corby, A. Frankel, Swenson, Dawson Smith	20½
Manson (Capt.), Jacobs, Barrett, Siegel, Yunker	11½

5 Point Club
Young Kaiser
Jack Barker
Walt Bradley

200 Point Club
Walt Bradley (twice) 207
Hank Serlen 201
Joe Flanagan 200

Joins F. I. Du Pont

(Special to THE FINANCIAL CHRONICLE)

SAN DIEGO, Calif.—Mark L. Insko is now with Francis I. du Pont & Co., San Diego Trust & Savings Building. Mr. Insko was previously with Daniel W. Weston & Co.

J. Barth Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — George N. Hale, Jr. has been added to the staff of J. Barth & Co., 404 Montgomery Street, members of the New York and San Francisco Stock Exchanges.

Joins Jamieson Staff

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Richard B. Best is now with H. L. Jamieson Co., Inc., Russ Building.

Mitchum Jones Adds

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — LeGrand A. Gold is now with Mitchum, Jones & Templeton, 405 Montgomery Street, members of the San Francisco and Los Angeles Stock Exchanges. Mr. Gould was formerly with Reynolds & Co.

Viola MacMillan Is Reelected President Of Prospectors

TORONTO, Canada—Mrs. Viola MacMillan, President of Viola-Mac Mines Limited and Lake Cinch Mines, Limited, has been unanimously reelected President of the Prospectors and Developers Association of Canada for the 14th consecutive year.

Viola MacMillan

Mrs. MacMillan, one of the few active women prospectors in Canada, began her career when with her husband she went to investigate some family claims in Northern Ontario. During the depression they obtained a prospector's license and took to the bush.

Viola-Mac Mines was formed in 1946 and later they acquired in 1947 a lead, silver and zinc prospect in British Columbia and are now developing the Lake Cinch Mines.

During World War II Mrs. MacMillan developed a program with the Geological Survey of Canada to encourage prospectors to search for strategic metals and has actively worked toward a closer relationship between the prospectors and geologists.

Robert M. Flynn Joins John Nuveen & Co.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Robert M. Flynn has become associated with John Nuveen & Co., 135 South La Salle Street. Mr. Flynn was formerly a trader for A. C. Allyn and Company, Incorporated.

Morgan Stanley Group Offers N. Y. Tel. Bonds

Public offering of $55,000,000 New York Telephone Co. refunding mortgage 3⅜% bonds due 1996 was made yesterday (March 28) by a nationwide underwriting group headed by Morgan Stanley & Co. at 100.548% and accrued interest to yield about 3.35% to maturity. The issue was awarded to the group at competitive sale on March 27 on its bid of 100.01999, naming the above interest rate.

The communications company will use the proceeds of the sale along with funds derived from the sale of 1,100,000 shares of additional common stock at $100 per share to American Telephone & Telegraph Co., parent organization, to repay bank loans made for new construction. During the five years 1951-1955 the company spent a total of $829,000,000 for this purpose.

The new bonds are redeemable at prices ranging from 103.548% to the principal amount after March 31, 1993.

Giving effect to this financing, including the sale of the additional common stock, the company's funded debt will amount to $480,000,000 and there will be 10,113,000 shares of common stock of $100 par value outstanding.

As of Dec. 31, 1955 the company had 6,683,027 telephones in service of which about 71% were in the New York Metropolitan area. The company, serving all of the larger cities in New York State except Rochester, reported total operating revenues of $752,068,405 for 1955, compared with $694,320,150 in 1954. For 1955, total income before interest deductions was $84,722,003, compared with $77,162,287 in the preceding year.

David H. Rankin Opens

FT. WORTH, Texas—David H. Rankin has opened offices at 5001 Bryce Avenue to engage in a securities business.

With Real Property Inv.

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Aloysius P. Schlecer is now with Real Property Investments, Inc., 233 South Beverly Drive.

Evans & Co. Formed

Evans & Co., Inc., has been formed with offices at 300 Park Avenue, New York City, to engage in a securities business. Officers are Thomas M. Evans, President; Albert B. Diss, Vice-President; Morris Kornfeld, Treasurer; and J. Mark Shoffner, Secretary. Mr. Kornfeld was formerly with Shields & Company.

Boren Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—J. J. Loftus has joined the staff of Boren & Co., 9640 Santa Monica Boulevard. He was previously with Fewel & Co.

New du Pont Office

INDIANAPOLIS, Ind.—Francis I. du Pont & Co. has opened an office at 101 Monument Circle under the direction of William H. Keller, Jr.

Arnold Andrews Opens

NEWARK, N. J. — Arnold Andrews has formed the Arnold Andrews Co., with offices at 972 Broad Street, to engage in a securities business.

Joins Hentz Staff

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Cal.—David H. Gold has been added to the staff of H. Hentz & Co., 9680 Santa Monica Boulevard.

Richard Harrison Adds

(Special to THE FINANCIAL CHRONICLE)

SACRAMENTO, Calif.—Gerard P. Dunkly is now with Richard A. Harrison 2200 16th Street.

Joins Dempsey-Tegeler

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Frank A. Petrovich is now with Dempsey-Tegeler & Co., 209 South La Salle Street.

With Harris, Upham

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Paul J. Hewitt is now with Harris, Upham & Co., 523 West Sixth Street.

NEWS ABOUT BANKS AND BANKERS

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED
CAPITALIZATIONS

Gordon V. Adams has been appointed Agent in charge of the business development department in New York for the **Bank of Montreal**, head office **Montreal**, it was announced Mar. 26. Mr. Adams, who has been third agent at the bank's New York office for the past three years, will serve as one of the bank's New York agents, whose number is now increased to four, with the appointment as an Agent of Jack S. Hughes, formerly Manager at **Oshawa, Ont.** Wallace J. Wilson, Special Representative, New York, becomes Assistant Agent and continues as a member of the business development department, while George M. G. Johnstone, of the New York office, has been named Special Representative of that department.

Gordon V. Adams

* * *

The First National City Bank of New York, it was announced on March 27, has become the first bank in the world to apply the Burroughs E-101 Electronic Digital Computer to bank accounting procedures. Following a test run of several weeks the bank on that day officially unveiled the new machine. Although it was designed primarily for research, engineering and scientific application, First National City, it is noted, recognized its potential in the field of accounting. Currently the machine is being used on brokers and dealers loans at 55 Wall Street on a parallel basis with the present system. The duplicate operation will be discontinued within the next few weeks and the bank will rely exclusively on the E-101 for the accounting of this loan classification. It is further noted that of even greater significance is the fact that the machine will be applied to other loan categories as soon as the work can be programmed. The machine demonstrated this week is said to have a 100-cell memory capacity. A larger machine with a 220-cell memory capacity is in production and will be delivered to First National City as soon as it is available. An even fuller use of the machine's capabilities, it is added, will be possible at a later date when input and output tape devices are received.

* * *

George O. Nodyne, President of **East River Savings Bank, of New York**, announces the appointment of Gomer A. Wolfe as Assistant Manager, and Clinton L. Herget as Assistant Manager and Chief Clerk of the bank's Cortlandt Street office. Mr. Wolfe entered the service of the East River in 1927, had been an Assistant Manager and Chief Clerk since April, 1950. Mr. Herget has been with the bank since 1932 and had been an Assistant Chief Clerk since February, 1951.

* * *

Irving Trust Company of New York announced on March 27 that Pierce H. Davis has been made an Assistant Vice-President and Gregory C. Carroll an Assistant Secretary. Both men are associated with the bank's International Banking Division.

* * *

Relocation of the Union Square office of **The Chase Manhattan Bank of New York** in new modern quarters at 200 Fourth Avenue took place over the last week-end and the branch opened for business at the new location on March 26. Formerly located at 31 Union Square, this originally was the **Bank of the Metropolis**, which was merged with the **Bank of the Manhattan Company** in 1918, as the Manhattan's first branch in New York City. Four prominent merchants of the area—Charles L. Tiffany (jewelry), Richard Arnold (clothing), William Steinway (pianos), and Joseph Park (later Park & Tilford)—were members of the first board of directors of the Bank of the Metropolis. These, along with other merchants located in that sector, also were stockholders in the bank. Later Union Square became the hub of the textile industry. Added historical significance is given to the shift of the branch office with the disclosure that J. Stewart Baker, now President of Chase Manhattan, began his career with the bank at the Union Square office in 1920. Jesse Harvey, Vice-President, heads the branch staff.

* * *

Leonard J. Beck, President of the real estate firm of Leonard J. Beck, Inc., has been elected a trustee of **Union Dime Savings Bank, of New York**, it was announced on March 21 by J. Wilbur Lewis, President of the bank. Mr. Beck organized his own real estate firm in 1929 and has been active in the assemblage and development of large plottage in the Grand Central and Rockefeller Center Plaza areas. He has been active in the Real Estate Board of New York for the past 30 years and has served three terms as Governor and is serving on the ethics, arbitration and consultants committees. He acted as a real estate expert in connection with the acquisition of the land for the Port of New York Authority Bus Terminal and Lincoln Tunnel approaches.

* * *

Effective September 1956, the **Long Island Trust Company of Garden City, Long Island, N. Y.** has leased the property at 84 Seventh Avenue in Garden City, now occupied by A. & P. Food Stores, it is announced by Frederick Hainfeld, Jr., President of the trust company. Mr. Hainfeld states that when the property is vacated in August 1956, "work will begin on a tremendous expansion of the trust company's main Garden City offices. At the completion of the program the main offices will occupy both the building at 82 Seventh Street on which it now stands as well as the 70x90 foot area now occupied by the A. & P., we will then have property with a 130 foot frontage on Seventh Street." The Bank Building and Equipment Corporation of America will be handling the expansion program for the trust company, Mr. Heinfeld stated. He estimates that work on the Main offices will be completed in January 1957.

* * *

National Bank of Westchester of White Plains, N. Y. has introduced a new banking service to the Westchester community, Ralph T. Tyner, Jr., President, announces. This a personal credit plan modeled on the established business policy of borrowing against a credit line. The new plan, called LINE-O-CREDIT, sets up for the individual a maximum limit to which he can draw at any time, without further application to the bank. Similar to credit lines enjoyed by corporations and businesses, LINE-O-CREDIT makes it possible for the individual to establish by agreement with the bank a continuous safe credit line, based on a careful review of the applicant's personal finances. "LINE - O - CREDIT," Mr. Tyner states, "can be established from $300 to $5,000. After the line has been granted, the customer will be able to borrow within the agreed limit at any time, for any purpose by notifying us to transfer the amount he needs to his checking account," Mr. Tyner added. The customer will pay interest only on the amount he has borrowed and not on the LINE-O-CREDIT he has established. Life insurance on the amount borrowed will be provided and paid for by the bank.

* * *

Completion of the affiliation of the **First National Bank of Herkimer, N. Y.** with **Marine Midland Corporation of Buffalo, N. Y.** was announced on March 23 in a statement made jointly by George J. Sluyter, President of the Herkimer bank and Baldwin Maull, President of Marine Midland Corporation. Plans for the affiliation were announced on Jan. 9 and were completed March 23 when over 90% of the shares of the common stock of First National were exchanged for Marine Midland Corporation common stock on the basis of 6½ shares of Marine Midland for each share of First National. The plans were noted in our issue of Jan. 12, page 171. The First National Bank thus becomes the 13th Marine Midland Bank serving New York State. It was established in 1884 and currently has deposits approximating $10,000,000. Its capital stock consists of 10,000 shares, par value of $33 per share, and it also carries a preferred stock issue of $70,000, redeemable at $140,000. The 13 Marine Midland Banks now serve 75 communities through 150 offices, all in New York State.

* * *

The Northern New York Trust Co. of Watertown, N. Y. on March 5 received approval from the New York State Banking Department to increase its capital stock from $800,000 in 32,000 shares, par $25 per share, to $862,500, consisting of 34,500 shares of the same par value. The merger on March 5 of **The Carthage National Bank, of Carthage, N. Y.**, (following its acquisition by the Marine Midland Corporation) into the Northern New York Trust Company of Watertown, (also a Marine Midland Bank) was noted in our issue of March 8, page 1186.

* * *

In a recent weekly announcement, the Board of Governors of the Federal Reserve System indicated that the **Manufacturers and Traders Trust Company of Buffalo, N. Y.**, a State member, had merged as of March 8 under its charter and title with the **Adam, Meldrum and Anderson State Bank of Buffalo, N. Y.**, an insured nonmember. A branch was established in the former location of the latter bank. It was indicated in a reference in our issue of March 15, page 1343, to a new issue of stock by the Manufacturers and Traders Trust Co. of Buffalo that the merger of the Adam, Meldrum and Anderson State Bank with the Manufacturers & Traders Trust was imminent.

* * *

Following the issuance of 100,800 shares of new stock, par $20 per share, the **Central Trust Company of Rochester, N. Y.** increased its capital from $2,016,000 as of Jan. 20 to $2,352,000, consisting of 117,600 shares of the same par value.

* * *

The Board of Governors of the Federal Reserve System reports under date of March 12 that the **First Pennsylvania Banking and Trust Company of Philadelphia**, a State member of the Reserve System, merged under its charter and title with **Wayne Title & Trust Company of Wayne**, an insured nonmember. The former main office and branch of the latter bank will be operated as branches by the First Pennsylvania Banking & Trust.

* * *

An increase in the capital of the **Western National Bank of York, Pa.**, effective on Jan. 20, a stock dividend of $60,000 at that time having brought the amount up to $600,000 from $540,000.

* * *

The sale of $216,475 of new stock by the **People's National Bank of Norristown, Pa.** has thereby increased the bank's capital as of March 6, from $541,200 to $757,675.

* * *

The American Security and Trust Company of Washington, D. C. now has a capital of $5,000,000 the amount having been increased as of March 20 from $3,740,000, following the issuance of 124,666⅔ shares of stock (par $10) at $43.50 per share. The offering was noted in our March 1 issue, page 1067.

* * *

As a result of the sale of $107,500 of new stock the **Shenandoah Valley National Bank of Winchester, Va.** reported a capital of $322,500 on Feb. 29, compared with $215,000 previously.

* * *

The Merchants National Bank and Trust Company of Dayton, Ohio has increased its capital from $500,000 to $750,000, as of March 12, this having been brought about by the sale of $250,000 of new stock.

* * *

The Wood County National Bank of Wisconsin Rapids, Wis. has doubled its capital, making it now, as of March 2, $300,000 as compared with $150,000 previously. The increased capital was made possible by the sale of $100,000 of new stock and a stock dividend of $50,000.

* * *

Effective March 13, the **Waukesha National Bank of Waukesha, Wis.** changed its title to the **First National Bank of Waukesha.**

* * *

The Florida National Bank at Coral Gables, Florida, reports a capital on Feb. 28 of $500,000, increased from $200,000. A stock dividend of $100,000 contributed to part of the increase, while $200,000 resulted from the sale of new stock.

* * *

An addition of $125,000 has been made to the capital of the **Long Beach National Bank of Long Beach, Calif.** as a result of which the capital is now $325,000 against $200,000 previously. The sale of $125,000 of new stock brought about the increased figure which became effective Feb. 29.

* * *

Don R. Cameron, a director of **Union Bank & Trust Co. of Los Angeles, Calif.**, and Vice-President and director of the Del Amo Estate Co., died on March 18. Mr. Cameron, who was 62 years of age, celebrated his 35th anniversary with Union Bank & Trust Co. on June 24. He began his career at the bank in 1920 as a clerk, advancing to Assistant Trust Officer in 1921, Trust Officer in 1929, Senior Trust Officer in 1944 and Vice-President in 1949. In 1953 he was elected a director of the bank and also Vice-President and a director of the Del Amo Estate Co.

* * *

The recent sale of $2,000,000 of new stock by the **Seattle-First National Bank of Seattle, Wash.** has enabled the bank to enlarge its capital from $18,000,000 to $20,000,000 and to bring its surplus up to $30,000,000. Plans to increase the capital were noted in these columns Feb. 9, page 741.

D. A. Young V.-P. Of Chemical Fund

Ferdinand Eberstadt, Chairman of the Board of Chemical Fund, Inc., 65 Broadway, New York City, announced the election of Donald A. Young as a Vice-President of the Fund. Mr. Young has been associated with F. Eberstadt & Co., Manager of the Fund, since 1952.

Donald A. Young

John F. Van Deventer, a Vice-President of the Fund, has been elected to the additional office of Secretary, succeeding Daniel Breitbart who continues as Treasurer of the Fund.

Miss Lila C. Hoogana was also elected Assistant Secretary of Chemical Fund, Inc.

Gardner, Roos to Form Own Investment Co.

NEWARK, N. J. — W. Angus Gardner and J. William Roos are forming W. A. Gardner & Co. with offices at 24 Commerce Street to engage in a securities business. Mr. Roos was formerly an officer of MacBride, Miller & Co. with which Mr. Gardner was also associated.

J. William Roos

Shelley, Roberts Adds

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Edward Glist has been added to the staff of Shelley, Roberts & Company, 9486 Santa Monica Boulevard.

Two With Daniel Weston

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Edward L. Murphy and Harold H. Williams are now with Daniel D. Weston & Co., 140 South Beverly Drive.

Joins McCormick Staff

(Special to THE FINANCIAL CHRONICLE)

LONG BEACH, Calif. — Frank M. Tanaka is now with McCormick and Company, Security Building.

With Craig-Hallum

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, Minn.—Michael J. Goggins is now with Craig-Hallum, Inc., Rand Tower.

Canadian Delhi Pete. Offering Underwritten

Canadian Delhi Petroleum Ltd. is offering to holders of its capital stock of record March 5, 1956, the right to subscribe for 698,585 additional shares of capital stock at the rate of one share for each five shares held. The subscription price is $5 a share (U. S. dollars). The rights carry an "additional subscription privilege" under which shares not subscribed for under the primary subscription privilege may be purchased under the additional privilege. The rights expire at 3 p.m. (EST) on April 6, 1956. The offering is being underwritten by a group headed jointly by Lehman Brothers and Allen & Co.

Proceeds from the sale of the shares will be advanced to the company's wholly-owned subsidiary, Canadian Delhi Oil Ltd., an operating company. The subsidiary will apply part of the advances to payment of a $1,350,000 term note. The balance of the proceeds will be used by the subsidiary for general corporate purposes including the further development and exploration of its properties and the acquisition of additional oil and gas properties.

Upon completion of the offering, outstanding debt and capital stock of Canadian Delhi Petroleum Ltd. and its subsidiary will comprise $10,000,000 (U. S.) the latter's 5% debentures due 1960, and 4,191,513 shares of the parent company's capital stock.

Canadian Delhi Petroleum Ltd. is engaged, through Canadian Delhi Oil, in the business of oil and gas exploration, with its principal properties and reserves located in Western Canada. Canadian Delhi Oil in 1951 organized, and continues a substantial stockholder in Trans-Canada Pipelines Limited which will construct and operate the proposed transcontinental gas pipeline to extend from Alberta to Quebec following an all-Canadian route.

Harriman Ripley Group Offers Class A Shares Of McGregor-Doniger

Public offering of 300,000 shares of McGregor-Doniger Inc. class A stock at a price of $16.25 per share was made on March 27 by an investment banking syndicate headed by Harriman Ripley & Co., Inc. The shares, currently outstanding, are being sold on behalf of Harry E. Doniger, President, and William N. Doniger, Executive Vice-President, who will remain the majority stockholders by retaining 67% of the outstanding stock.

Simultaneously, McGregor-Doniger Inc. is offering up to 25,000 shares of its class A stock directly to certain employees. Net proceeds from the sale of these shares will be added to the general funds of the company and used for general corporate purposes as the board of directors may determine.

Incorporated originally in 1921 under the name of David D. Doniger & Co., Inc., the company recently changed its name to McGregor-Doniger Inc., thereby including its principal trademark in its corporate title. Featuring its well-known trademark "McGregor" in its products, the company is engaged chiefly in the manufacture and sale of sportswear for men and boys, covering a wide price range. The company believes that in each of the past five years its sales of sportswear have exceeded those of any other manufacturer. A net profit has been earned by the company in each year for over 20 years.

Net sales of the company in 1955 reached an all-time high of $46,645,000, while net income amounted to $1,760,000, equal to $1.76 per share, computed on the basis of a total of 1,000,000 shares of class A and class B stock to be outstanding after giving effect to the reclassification of authorized and outstanding capital stock but before the sale of up to 25,000 shares of class A stock to employees.

Upon completion of the current financing, outstanding capitalization of the company will consist of $4,505,000 of notes due Sept. 15, 1967: $973,772 of notes due May 15, 1964; 335,864 shares of class A stock, $1 par value, and 689,136 shares of class B stock, $1 par value.

Associated with Harriman Ripley & Co., Inc. in the underwriting of the 300,000 shares of class A stock are: Kidder, Peabody & Co.; Merrill Lynch, Pierce, Fenner & Beane; A. G. Becker & Co., Incorporated; Hemphill, Noyes & Co.; Hornblower & Weeks; Dean Witter & Co.; A. C. Allyn & Co., Inc.; Alex. Brown & Sons; and Reynolds & Co., Inc.

Two With J. Logan

(Special to THE FINANCIAL CHRONICLE)

PASADENA, Calif.—Richard C. Ashmore and Frazier E. Weaver are now with J. Logan & Co., 721 East Union Street.

Joins R. A. Harrison

(Special to THE FINANCIAL CHRONICLE)

SACRAMENTO, Calif. — Joe Ison is now with Richard A. Harrison, 2200 Sixteenth Street.

Halsey, Stuart Group Offers Equipments

Halsey, Stuart & Co. Inc. on March 26 headed a syndicate offering $4,500,000 Baltimore and Ohio RR. series GG 3¼% equipment trust certificates, maturing annually Jan. 1, 1957 to 1971, inclusive.

The certificates, second installment of a total authorized issue of $14,700,000, are scaled to yield from 3.05% to 3.30%, according to maturity. Issuance and sale of the certificates are subject to the authorization of the Interstate Commerce Commission.

The entire issue of certificates is to be secured by the following equipment estimated to cost not less than $18,467,000: 1,500 steel hopper cars and 1,000 box cars.

Participating in the offering are: Dick & Merle-Smith; R. W. Pressprich & Co.; Baxter, Williams & Co.; Freeman & Co.; The Illinois Co., Inc.; Ira Haupt & Co.; Wm. E. Pollock & Co., Inc.; Shearson, Hammill & Co.; and McMaster Hutchinson & Co.

Two With Krensky

(Special to THE FINANCIAL CHRONICLE)

Chicago, Ill. — Robert A. Spira and Jay Wasserman are now with Arthur M. Krensky & Co., Inc., 141 West Jackson Boulevard, members of the New York and Midwest Stock Exchanges.

Nuclear Power Programs and Uranium Future Prospects

By W. J. BENNETT*
President, Eldorado Mining and Refining Limited, Canada

Well-known mining President surveys military and free world nuclear developments and concludes that uranium production will exceed power requirements in the next 10 to 15 years. Mr. Bennett believes power reactors must first demonstrate their reliability and competitiveness and that uranium demand will depend upon: (1) future power demand; (2) cost of generating nuclear power; and (3) type of power reactor. The favorable competitive position of existing power methods in the United States is cited to show difficulty in determining nuclear developments as compared to the United Kingdom. Stress is placed upon cost reduction in the belief that the lower the cost of uranium the more will be used.

If we look at the branch of the mining industry in which I have a special interest—uranium—the remarkable developments which have occurred in the past few years can be attributed in large measure to the initiative of the prospector.


W. J. Bennett

I recall very distinctly that when our purchasing program was announced in the spring of 1948, there was not a little pessimism as to how successful that program would be. I was convinced that, given a decent incentive, the prospector would do the rest. The fact that our annual rate of production by the end of 1959 will be something like 40 times as great as the rate of production in 1946, suggests that my conviction was a sound one. In saying this, may I add at once that I do not claim any special powers as a prophet. It was simply a case of my deciding to adopt that optimistic outlook which is the special characteristic of the Canadian prospector.

As you are well aware, when we began the purchasing program in 1948 our main objective was to increase the supply of uranium for the manufacture of atomic warheads, because it was considered to be in our national interest that we should continue the partnership with the United States which began in the war years. This is still the major objective of the current purchasing program.

Military Requirements

I am frequently asked these two questions — First, is the military demand during the period up to March 31, 1962, likely to increase, and second, will there be any military demand after March 31, 1962, and, if so, at what level?

I think it will be quite clear from the statement issued by the Right Honorable C. D. Howe last August that there is a limit to the amount of uranium which the United States Atomic Energy Commission will be prepared to purchase from Canada. In his announcement of last Friday, Mr. Howe stated that it was not anticipated that the total quantity of uranium which would be purchased under special price contracts by reason of the extension of the production deadline from April 1, 1957, to Sept. 30, 1957, would be greatly in excess of the quantity which it was estimated might be purchased when the April 1 deadline was established last August. In other words, the production deadline has been extended not because there is an increase in the requirements of the United States Atomic Energy Commission but because it had become quite evident that certain of the properties which were considered to be potential producers last August would not be able to meet the production deadline of April 1, 1957. We have no information at this time which would indicate the need for increasing Canadian production for supply to the United States Atomic Energy Commission beyond the rates of production which we can now project for 1959—that is, the rates of production which we expect to reach when the properties covered by the current purchasing policy are in full production. In this connection, I might refer you to the following excerpt from a statement made recently to the Congressional Committee on Atomic Energy by Mr. Jesse Johnson, the Manager of the Raw Materials Division of the United States Atomic Energy Commission —"We see no problem in meeting the uranium requirements of the present military programs." With regard to the second question, no information is available at this time as to whether the military requirement will continue after March 31, 1962, and, if so, at what level. Obviously, it is very much in the interest of the producer who now has a contract, or who may receive a contract, that he should obtain this information at the earliest possible date, but it is likewise obvious that it is difficult to forecast military requirements beyond a certain date. However, I think it may be anticipated that the position with respect to the military demand beyond March 31, 1962, will be clarified well in advance of that date.

The present information we have as to the limitation of military requirements through the period up to March 31, 1962, and the uncertainty as to the amount of those requirements—if any—after March 31, 1962, suggests strongly that we should now examine the probable demand for uranium for peaceful purposes at home and abroad—and this I propose to do today.

Peaceful Requirements

There is no doubt that the development of power reactor technology has now advanced to the stage where we can safely predict that nuclear power can and will be used. The extent to which it will be used and the areas in which it will be used will depend, first, on future power requirements and the conventional sources of energy, and their cost, which will be available to meet those future requirements; and, second, on the cost of generating power in a nuclear power plant. Obviously, there is a close relationship between these two factors. For example, if we assume that nuclear power can be generated at a cost in the range of 5-to-7 mills per kilowatt hour not later than 1965, it is not too difficult to predict in what areas of the world nuclear power will be used in 1965. However, even if we were able to arrive at a reasonably accurate estimate of the amount of nuclear power which will be generated in a given area by 1965, we would still be unable to forecast the amount of the uranium requirements for this power, since this will depend on the type of power reactor and the fuel system which are used. There are various types of power reactors now under development. These reactors differ in many ways but they differ particularly in the amount of energy which they can extract from a ton of uranium, or what is commonly called the difference in the burn-up factor. I think it may be useful at this point if I attempt to give you a brief description of what is meant by the burn-up factor, since this is necessary to a proper understanding of the economics of nuclear power.

Burn-Up Factor

A ton of natural uranium has a heat potential of 20 billion kilowatt hours — which is roughly equivalent to the heat potential of 2,600,000 tons of coal. If it were possible to extract all of this heat, the requirements of uranium for a nuclear power program would be very small. As it happens, there are physical limitations and cost limitations which stand in the way of the full utilization of the heat potential of a ton of uranium. The content of natural uranium is roughly one part of uranium 235 to 139 parts of uranium 238—or, in other words, the content of uranium 235 in natural uranium is about 0.7%. The combustible, or to be more exact, the fissionable part of uranium is the U-235. When uranium is burned in a reactor, several things happen. First, some part of the U-235 content is consumed. Second, some atoms of the U-238 content are converted into plutonium, which is itself fissionable and can, therefore, be used as a reactor fuel. Third, certain new elements known as fission products are created. These fission products interfere with, or poison, the nuclear reaction. The effect of this poisoning is crudely analogous to the effect on combustion of the waste products which are formed when coal is burned. This fission product poisoning plus our inability thus far to find materials for sheathing the uranium fuel which will stand long periods of irradiation of high temperatures, without capturing too many neutrons, make it necessary to remove the uranium fuel from the reactor when only a small fraction of its heat potential has been extracted. Now we expect that fundamental and applied research in metallurgy will make possible some increase in the life of the initial fuel charge. However, even under the optimum conditions which we can now visualize, this improvement is not likely to increase substantially the amount of the burn-up. Consequently, if we are to obtain a much higher percentage of burn-up, we must find a way of using the unburned or depleted uranium and the plutonium in the spent fuel element. This can be done extracting from the spent fuel element in a chemical process the unburned or depleted uranium and the plutonium, and by re-entering these to the fuel system of the reactor. This is called recycling. Theoretically, it is possible to continue this recycling until all of the heat potential of the original fuel has been utilized. However, the cost of chemical processing places some limit on the number of recycles which may economic—or, to put it another way, at a certain point it may be cheaper to buy new fuel.

Reactor Design

As I have mentioned previously, there are a number of possible approaches to reactor design, as the design affects the percentage of burn-up. These range from what is called a single-pass reactor, that is, one in which no recycling is done, to the fast breeder reactor which produces more fissile material in the form of plutonium than it consumes. No one can say at this time which type of reactor, of which combination of reactor types, will produce the lowest cost per kilowatt hour—the decisive factor in the choice of reactor designs for a nuclear power program. This is why it has become the common practice to refer to the power reactors now under construction as demonstration power reactors—that is, reactors which will help to demonstrate economic as well as operating feasibility. The reactor which Atomic Energy of Canada Limited is building in association with Ontario Hydro is such a reactor.

From what I have said up to this point, I think it will be evident that three factors must be used in assessing the probable requirements of uranium for nuclear power programs—first, the future power demand and the conventional sources of power which will be available to meet that demand; second, the cost of generating nuclear power; and, third, the type of power reactor which will be used. These three factors have been applied in forecasting the range of uranium requirements for nuclear power programs in Canada, the United Kingdom and the United States over the period of the next 20 years. I propose to give you these forecasts because they point up the difficulty of establishing at this time any accurate estimate as to the uranium requirements for a nuclear power program.

United Kingdom

The forecast for the United Kingdom program is contained in a paper which was presented at the Geneva Conference by Sir John Cockcroft. In this paper it is estimated that between one million and two million kilowatts of nuclear power will be installed in the United Kingdom by 1965 and that between 10 million and 15 million killowatts will be installed by 1975. Sir John has considered three possibilities — first, a low burn-up based on current practice; second, an improvement in burn-up by a factor of 10 as a result of recycling; and, third, a further improvement in burn-up by another factor of 10 as a result of the use of fast breeder reactors. It is not anticipated that the fast breeder reactor will be in use until sometime after 1965 because of the technical problems which remain to be solved with regard to the design of this reactor. While the United Kingdom paper does not give the annual requirement for uranium in 1965, if we assume an installed nuclear capacity of 2 million kilowatts by that year, it is possible to estimate an annual requirement, including the inventory requirement for new stations, which might range from a high of 600-700 tons—a requirement based on present burn-up—to a low of perhaps half that amount—a requirement based on an improvement in burn-up by a factor of 10 as a result of recycling. The United Kingdom paper does give a possible range of requirement for the year 1975. Assuming an installed capacity of between 10 million and 15 million kilowatts, the annual requirement might range from a high of 400 tons—a requirement based on some recycling—to a low of 40 tons—a requirement based on a further improvement of burn-up by a factor of 10. In addition, it is estimated that there will be an inventory requirement for new stations of approximately 400 tons per annum.

United States

The forecast for the United States program is taken from the report of the McKinney Panel on the impact of the peaceful uses of atomic energy, which was submitted to the Joint Congressional Committee on Atomic Energy on Jan. 31, last. The forecast as to the role of nuclear power in the American economy over the next 20 years differs in one respect from the United Kingdom forecast. In the United Kingdom the cost of generating power using conventional fuels has now reached the point where nuclear power, even at a cost of 9-to-10 mills, seems attractive. Obviously, such costs are not competitive on this continent except in remote areas. For this reason, it is not possible to predict the amount of nuclear power which will be generated in the United States in 1965 and in 1975 with the same degree of accuracy as is possible in the United Kingdom. In other words, the cost of nuclear power must be lower on this continent—somewhere in the range of 5-to-7 mills—if it is to be competitive for large central power stations, and until we are assured that such costs can be achieved, estimates as to the use of nuclear power cannot be too firm. In the McKinney report, two estimates are given—an optimistic estimate and a conservative estimate. The conservative estimate shows an installed nuclear capacity of 910,000 kilowatts by 1965 and 21,000,000 kilowatts by 1975. The optimistic forecast shows an installed capacity of 3,400,000 kilowatts by 1965 and 78,400,000 kilowatts by 1975. In assessing the uranium requirements for these respective installations, the McKinney Panel has considered six possible types of reactor, and a combination of the six types. The report of the Panel shows the annual requirements including inventory for new stations, year by year for each type of reactor over the period from 1955 to 1975, and here the range between the high and low requirements is very great. The report also shows the annual requirements, including again inventory requirements for new stations, assuming that a combination of reactor types is in use—which would appear to be the probable situation. On this basis, in 1965 the annual requirement, including the inventory requirement for new stations, might range from a high of 2,550 tons to a low of 680 tons, depending on whether the optimistic or the conservative forecast for installed nuclear capacity is used. In 1975 the annual requirement, including the inventory requirement for new stations, might range from a high of 41,000 tons to a low of 11,100 tons, depending again on whether the optimistic or conservative forecast for installed nuclear capacity is used. I think you may be interested in the following conclusions reached by the McKinney Panel in its attempt to establish some realistic forecast of uranium requirements for the United States power program—and I quote from the Panel Report—

"(a) Forecasts of growth rate and selective assumptions concerning reactor mix and reactor cycle and pipeline characteristics are subject to much uncertainty. Such forecasts and assumptions are critical in determining the ore requirements and lead to much uncertainty in ore requirement forecasts.

"(b) The presently worldwide increasing ore procurement rates are far in excess of any close-up power reactor requirement rates.

"(c) A most practicable 1975 range of ore requirements for domestic nuclear power reactors is on the basis of the growth assumptions from about 6,000 to about 60,000 tons of U_3O_8 per year."

Canadian Forecast

The forecast for the Canadian program is contained in a paper presented at the Geneva Conference by Dr. John Davis of the Economics Branch of the Department of Trade and Commerce and Dr. W. B. Lewis, the Vice-President in charge of Research and Development at Chalk River. The forecast as to the percentage of nuclear power which will be generated in Canada over the next

*An address by Mr. Bennett before the Prospectors and Developers Association, Toronto, March 6, 1956.

20 years is similar to the forecast for the United States—it shows minimum and maximum figures and for the same reasons. However, the estimate of annual uranium requirements differs in one respect from the estimates for both the United States and United Kingdom programs, in that it is based on a single rate of burn-up. This rate assumes the use of some recycling. No estimates are shown for the annual requirements which would result from the use of single-pass reactors or the use of reactors with very high rates of burn-up. Consequently, to the extent that such reactors may be used, the figures which I shall give you must be adjusted upwards or downwards. Having said this, I should point out that the rate of burn-up used represents our best judgment as to the rate of burn-up which will be required to produce power at a cost of between five and seven mills per kilowatt hour — that is, a rate which will be competitive for use in large central power stations in Canada. In other words, Dr. Davis and Dr. Lewis have tried to produce a realistic estimate.

It is estimated that by 1966 the installed nuclear generating capacity will be between 200,000 kilowatts and 1,000,000 kilowatts, and that by 1976 the installed nuclear generated capacity will be between 2,000,000 kilowatts and 3,300,000 kilowatts. If there is 200,000 kilowatts of nuclear power in use in Canada by 1966, the annual uranium requirements for this capacity would be eight tons and the annual requirement for inventory for new stations, assuming that there was an average installation of 50,000 kilowatts per year, would be 30 tons—making a total annual requirement of 38 tons. If there is a million kilowatts of nuclear power in use in Canada by 1966, the annual uranium requirements for this capacity would be 40 tons and the annual requirement for inventory for new stations, assuming that there was an average installation of 150,000 kilowatts per year, would be 90 tons—making a total annual requirement of 130 tons. If there is 2,000,000 kilowatts of nuclear power in use in Canada by 1976, the annual uranium requirements for this capacity would be 80 tons and the annual requirement for inventory for new stations, assuming that there was an average installation of 350,000 kilowatts per year, would be 210 tons—making a total annual requirement of 290 tons. If there is 3,300,000 kilowatts of nuclear power in use in Canada by 1976, the annual uranium requirements for this capacity would be 130 tons and the annual requirement for inventory for new stations, assuming that there was an average installation of 530,000 kilowatts per year, would be 320 tons—making a total annual requirement of 450 tons.

In the three forecasts, I have given the annual requirements of uranium in the years 1965 and 1975. There will, of course, be a build-up to these requirements. This is likely to be at a relatively low rate up to 1965 but at an accelerated rate between 1965 and 1975. The cumulative requirements for both years are shown in the McKinney Report and in the Davis-Lewis paper. Information on the cumulative requirements for the United Kingdom program is not available.

You will note that in the case of the Canadian requirements in both 1965 and 1975 and in the case of the United Kingdom requirements in 1975, I have shown separately the annual requirement for installed capacity and the annual inventory requirement for new stations. It will be quite evident from the figures I have given that the inventory requirement for new stations is a very large factor in the total annual requirement. This also applies to the United States requirements. In each case, this inventory requirement is predicated on the rate at which it is estimated new generating capacity will be installed.

While I must apologize for burdening you with this imposing array of figures, I am convinced that it is only by this kind of analysis that the uranium industry can arrive at some assessment of the probable demand for uranium in nuclear power programs. I think it will be clear that at this stage in the development of power reactor technology it is extremely difficult to establish firm estimates as to the uranium requirements for nuclear power programs. We must first demonstrate that power reactors can be operated as a reliable and competitive source of electric energy—and this is the main objective of the program at Chalk River and similar programs in other countries. The several demonstration power reactors now under design and construction on this continent will come into operation over the period from 1957 to 1962. There are varying opinions as to whether the information obtained from these projects will be sufficiently definitive to warrant the design and construction of commercial stations, or whether a second generation of demonstration reactors will be required. Whenever I feel inclined to the pessimistic view I recall that only a few years ago no one believed that nuclear power would be feasible for at least 25 years.

Importance of Price

Admitting the difficulty of establishing at this time firm estimates of uranium requirements for a nuclear power program, is there any conclusion which can be drawn from the information now available? I believe there is. An abundant supply of cheap uranium will undoubtedly be an important factor in determining the choice of reactor types and reactor fueling systems. To be more specific, there will be an incentive to achieve higher burn-ups as the cost of natural uranium increases. It is possible that at some time in the distant future the scarcity of conventional fuels will be such as to warrant the use of high-cost uranium in preference to conventional fuels. However, this situation is not likely to occur over the period of the next 20 years. When it does occur, reactor design will undoubtedly favor high rates of burn-up. These considerations suggest to me only one thing—the lower the cost of uranium, the more uranium will be used.

There is a further reason why the question of cost is of vital significance to the Canadian producer. The figures I have given for the requirements of a Canadian nuclear power program indicate clearly that these requirements will only take up a small part of our uranium production for many years to come. Moreover, it seems clear that the rates of uranium production which we can predict in the free world over the period of the next 10 or 15 years, are likely to be considerably in excess of the requirements for power programs in that period. Consequently, price is likely to be an important factor in our ability to sell uranium for use in nuclear power programs in other countries. What are the possibilities of reducing production costs?

Production Cost Cutting

I believe we have taken a major step in this direction by allowing for a complete write-off of preproduction and capital expense in our special price contracts. There is one other important area in which cost reduction should be

Continued on page 56

American Capital's Role In Canadian Development

By EDWARD T. McCORMICK*
President, American Stock Exchange

Optimistically tracing Canadian rising natural resource and industrial potential, and the uncalculable "treasure trove" still to be tapped, American Stock Exchange head states further Canadian growth requires fresh venture capital in an amount making insignificant past and current investments. Salient points made include: (1) iron ore full production potential is 30 million tons a year; (2) estimated oil reserves are 2.9 billion barrels; (3) steel production increased 139% since 1939; (4) American investments rose from $4.9 to $9.5 billion in nine years ending 1954; and (5) largest market for Canadian securities outside Canada is American Stock Exchange

It was from my father that I gained an innate admiration for the Canadian people, an admiration that has glowed rather than dimmed in consequence of my frequent congenial and informative sessions with natives of Canada, both on a business and social level, in recent years.

E. T. McCormick

Unfortunately, the time-consuming efforts of raising and educating a fair sized, active family, and of developing his business in Arizona, prevented my father from returning to the source of his many memorable experiences as I know he would have liked. This has led me to wondering, while I visit here again, as to just what he might have thought were he now living and had the opportunity to re-cross, even for a short period of time, the border which he left behind him about a half-century ago.

I believe it would take not mine, but his eyes and his memories to appreciate to the full the fantastic metamorphosis that has taken place in this country over the past 50 years. He could note at once the striking contrasts in a nation rapidly emerging as an industrial power, he would feel the surging of strength and recognize the promise of prosperity that is so manifest throughout this land.

Treasure Trove

I must say that it is the record that you here and your associates have established over the past several years, in prying open the door to the vast storehouse of natural resources here in Canada, that has made this truly remarkable change possible.

With the aid of the modern discovery devices, aerial photography, magnetometers, geiger counters, gravimeters and similar instruments of science, plus a large measure of old-fashioned perspiration, you have laid bare a veritable treasure trove hidden for ages beneath formerly forbidding wastes of rock and muskeg—a treasure trove of oil, natural gas, iron ore, asbestos, nickel, copper, uranium and lithium, to mention a few.

Your shovels and drills have left their mark on virgin acreage in every province from the Atlantic to the Pacific, and from the southern boundaries of the Dominion to the still barely tapped fields of the Northwest Territories and the Yukon.

The resources of your land are so abundant that no one yet knows their actual extent. The potential reserves of iron ore, uranium, oil, and natural gas alone are fabulous, and yet of relatively recent discovery.

It is estimated that potential full production of iron ore in the Quebec-Labrador and Northwestern Ontario regions will reach 30 million tons a year.

As for uranium, Mr. W. J. Bennett, President of Atomic Energy of Canada, Limited, has been reported as saying that Canada's uranium production by the end of 1959 will have a gross dollar value of $250 million a year, about 40 times the volume of production in 1945. As you know, uranium mining development is now going on in Ontario, Saskatchewan, British Columbia and the Northwest Territories — in such intriguing frontier-sounding locales as Blind River, Beaverlodge, Kamloops and Great Bear Lake.

It is now barely ten years since the great discovery of oil in the Leduc field. And in this short span of a decade, oil business in Western Canada has skyrocketed into a 350,000 barrel a day industry. Oil reserves, practically nonexistent in 1946, are now estimated at 2,900,000,000 barrels. In addition to these vast known and potential reserves from producing fields, there is the almost unlimited amount of oil available in the bituminous tar sands around Lake Athabasca, awaiting feasible means of recovery.

Along the paths worn down by your boots and dog sleds have come the railroads, planes, roads and pipelines, to bring in the drillers, the miners, and engineers, their equipment, and housing, and to bring out the ore, oil, and gas, for shipment, processing and consumption. Where rail lines are unavailable, the airplane fills in, and in at least one instance, which you all must know of, where neither means of transport was obtainable, a whole town was moved for miles on tractors and sleighs to the site of a new nickel mine.

The continuing extensive discoveries of these uncalculable resources have benefited not only Canada, but the entire free world.

Industrialization

The benefit to Canada itself has not been merely that of boom in oils, and minerals. It is evident in the notable increase in industrialization of what was once a predominantly agricultural nation. The new discoveries have provided the foothold for industrial expansion — an evergrowing domestic processing of domestic resources. Since 1939, output of primary steel has increased by more than 130%. And the chemical industry, with large resources of basic materials at its disposal, is expanding its plant and diversifying its products. Although of only minor importance before the Second World War, it is now growing into a billion dollar business, and new chemical plants are on the drawing boards, or are already under construction on the west coast, in central Canada, and in the Province of Quebec.

Several large enterprises have come into being in the Edmonton area in recent years with operations based on the Alberta natural gas production. The largest of these is probably the $70 million plant producing cellulose acetate and a variety of chemicals, utilizing liquefied petroleum gases and wood pulp as raw materials. Leduc natural gas is used by another $15 million plant to make polythene. And a $24 million nickel refinery uses natural gas for a new ammonium-leaching process.

New businesses have also been created to supply the oil and gas industry with equipment such as drill bits, pumps and valves.

The ultimate consequence of all this has been an increase in industrial employment, at increased wages, and a standard of living for the Canadian people rivaling that enjoyed in the United States.

Capital Requirements

Naturally, these ever-mounting discoveries, this production, and processing, could never have been accomplished without the aid of an enormous amount of capital investment. Companies and individuals by the hundreds and thousands had to be found who were willing to take the calculated risk involved in projects of this nature. And risks there were, as you well know. Before the Leduc strike over $25 million were spent in the search for oil with little or nothing resulting from it. In the Canadian oil industry alone, for example, total capital expenditures have added up to more than two and a half billion dollars in the last nine years. This money was spent not only for exploration and development, but for increased refinery capacity and for transportation and marketing facilities. In this same nine year period, hundreds of millions of dollars have been expended in the production of aluminum, in the development of titanium, in the production of nickel and copper. Since the War's end, Canada has developed a steel industry at a cost of approximately $800 million. Additional hundreds of millions have been spent for the expansion of the chemical field. And new capital investment in public utilities, principally for the development of new hydro-electric projects, has amounted to about $8½ billion since 1946.

U. S. Investments

While the greatest part of the investment in the development of Canada's natural resources and industry has come from domestic sources, a significant amount has been obtained from individuals and corporations in the United States. In the nine years ending in December 1954, the total United States investment in Canada increased from $4,990 million to $9,547 million. Of the total increase of $4,557 million, $3,396 million represented an increase in direct investments. Of this amount $1,897 million was new capital and the balance consisted of re-invested earnings in Canadian properties.

While the amount of capital from United States sources is roughly estimated at only 14% of the total invested, it is nonetheless significant. It has, in my opinion, enabled this great nation of yours to attain more rapidly its present impressive stature among the nations of the world, and has given a greater impetus to the growth in your standard of living, than would have been possible in the absence of such investment.

This is not to mention, of course, certain engineering skill and know-how that in many cases accompanied such investment and accelerated the process of successful exploration, development, and production.

Of course, there has been a substantial quid pro quo—for we have in turn, obtained a profitable participation in this fabulous growth process, as well as entree to a substantially enlarged reservoir of easily accessible strategic raw materials.

Ours has been, to date, not only a very profitable, but also very happy association—an association across an unarmed border of 4,000 miles that has been an outstanding example to the world at large of mutual trust, respect and cooperation between nations.

It seems to me that Canada has a particularly bright future in this new Atomic Age that we have entered. With her vast store of strategic natural resources — as one of the principal sources of high-grade uranium ore—with an industrial potential that mounts from year to year, Canada, with her brother country, the United States, might well prove to be the fountainhead from which will flow, to residents of less fortunate nations throughout the world, a standard of living which your citizens and our own now accept as an ordinary way of life.

Canadian Problems

I do not mean to imply by this that Canada has no serious problems facing it. The hard reality of the matter is that such problems do exist, among them, the finding of adequate capital, expanded markets for its increasing supply of products, and the building of an adequate labor force. But even when those problems are weighed in the balance, the scales tip appreciably on the optimistic side. We have often heard it said that Canada is in a position similar to that occupied by the United States a few years back, and I am sure that this is true, with the notable difference that Canada, with new means of production, more efficient methods and modern know-how at its disposal, can accelerate her progress at a far greater rate.

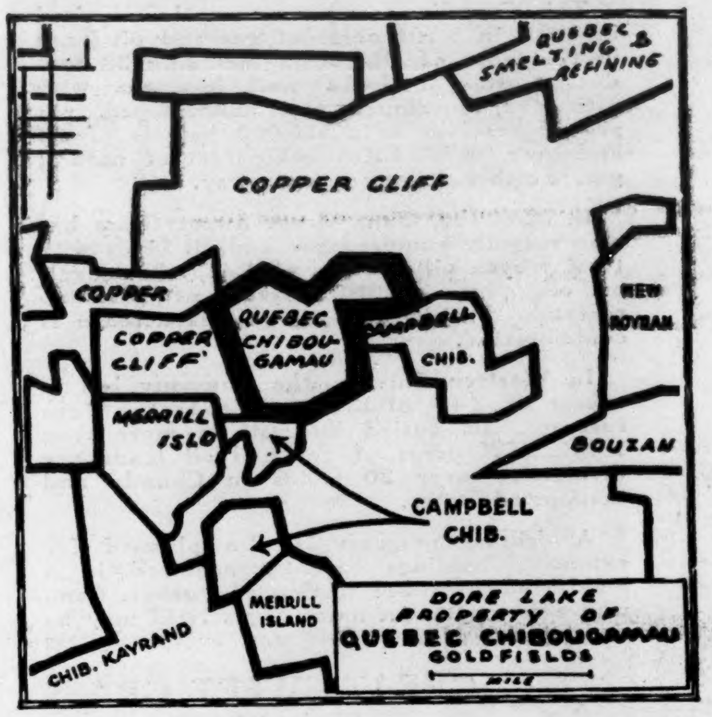
The American Stock Exchange was not unmindful of all this, when, in 1951, appreciating the potentialities that existed, in Canadian enterprises and in Canada itself, it determined to seek the listing of Canadian securities on its market. We took this step, not merely because of our faith in Canada's future, but also because we felt and now feel, that the American public should be afforded an opportunity to invest in growing Canadian enterprises on a domestic exchange — an exchange where the salient facts concerning the business they are buying are on record, available for examination by all buyers before they buy — where a continuous and close market for their securities is maintained, and

Continued on page 41

*An address by Mr. McCormick at the Twenty-fourth Annual Convention, Prospectors and Developers Association, Toronto, March 5, 1956.

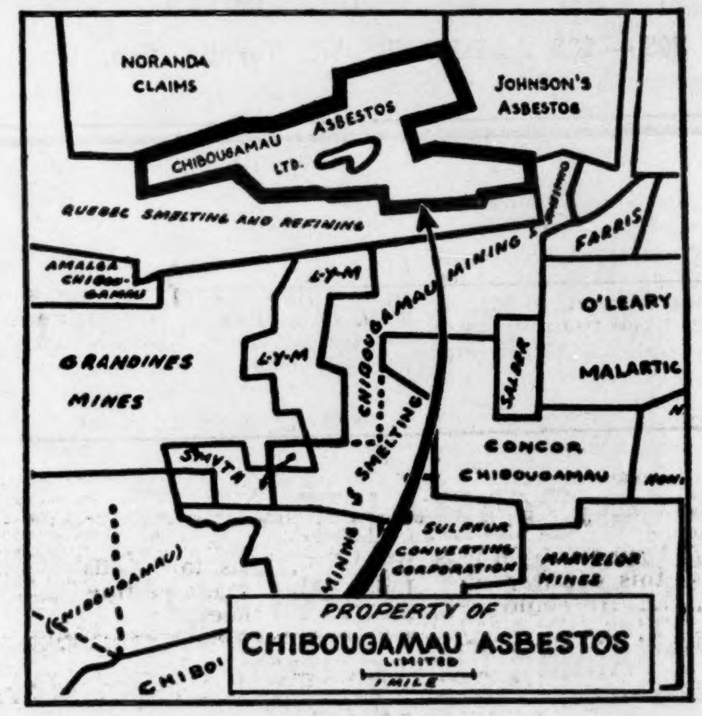
QUEBEC CHIBOUGAMAU GOLDFIELDS
LIMITED

THE COMPANY Quebec Chibougamau Goldfields Limited's main property is located in the approximate centre of mining activity in the Dore Lake area of Chibougamau adjoining Campbell Chibougamau Mines Ltd. The Company also owns a controlling interest in Chibougamau Asbestos Limited and a substantial interest in Opemisca Explorers Limited and in New Brunswick Copper Corporation.



DORE LAKE PROPERTY

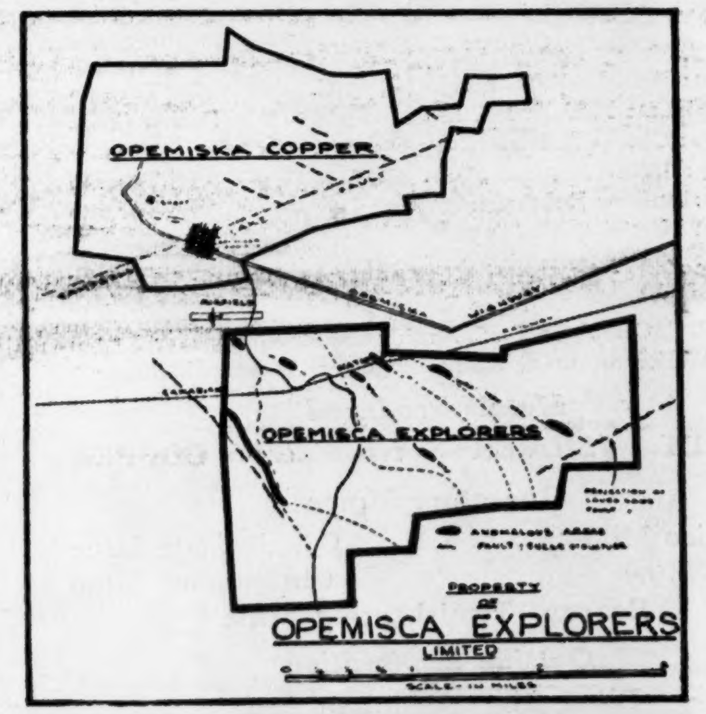
The Dore Lake property comprises 440 acres located in the geological and geographical centre of the Chibougamau district. The property is surrounded by Campbell Chibougamau, Copper Cliff, Merill Island and New Royran. Four major copper bearing structures have been outlined by surface work or diamond drilling. To date in excess of 1,000,000 tons of good grade copper and gold ore in three separate ore bodies, Zone "A," containing the bulk of this tonnage, has been drilled to a depth of 700 feet. This ore zone also shows considerably greater tonnages should it be found desirable to lower the indicated average grade. Intensive diamond drilling is continuing on the entire ore structures found thus far on the property. Work has commenced on the sinking of a vertical three-compartment shaft to a depth of 1,000 feet, together with 4,000 feet of underground development of the ore deposits.



CHIBOUGAMAU ASBESTOS LIMITED

The Chibougamau Asbestos Limited (no personal liability) property is located 10 miles east of Chibougamau Townsite. This property covers approximately 1500 acres and includes Asbestos Island. The claims were explored as early as 1905, but lack of transportation hampered full scale development work until recent times. The property is underlain by the Serpentine Pyroxenite Belt. Surface work has disclosed an ore bearing area of chrysotile asbestos 1300 feet long, varying in width from 200 to 500 feet with exposures of asbestos opened to a vertical height of 180 feet above the level of Lake Chibougamau to the summit. This work has indicated an ore potential of 45,000 tons per vertical foot. In the more extensively explored segment some 3,000,000 tons are now diamond drill-proven in an area 200 feet by 600 feet to a vertical depth of 300 feet. The chrysotile asbestos fibre is of excellent quality — having a high tensile strength and is free from talc. Considerable crude and milling fibres are observed in surface work and in the diamond drill holes. The tonnage indicated and diamond drill-proven, now warrants consideration of a 2,000 ton per day capacity plant for this property.

Quebec Chibougamau Goldfields Limited controls 1,000,000 shares of Chibougamau Asbestos Limited and the management of the Company.



OPEMISCA EXPLORERS LIMITED

Opemisca Explorers Limited (no personal liability) property covers approximately 3200 acres located ½ mile south of Opemiska Copper Mines (Quebec) Limited. Highway, airstrip and the power line lie approximately ½ mile distant. The new railway, to be opened in 1956, crosses the northern part of the property. Main exploration has been on a massive sulphide zone with an indicated length of 4800 feet. Diamond drilling has now proven a large iron/sulphide deposit containing over 20,000 tons per vertical foot of heavy to massive pyrite to a vertical depth of 900 feet. Assays up to 43% sulphur and 40.9% iron are secured on 68-foot diamond drill core widths.

Quebec Chibougamau Goldfields Limited owns 400,000 shares and controls the management of Opemisca Explorers Limited.

Opemisca Explorers Limited has about $500,000 in its treasury — more than ample for its present large scale systematic exploration and research program.

NEW BRUNSWICK COPPER CORPORATION

In the Province of New Brunswick, your company is acquiring a 400,000 share interest in New Brunswick Copper Corporation, on which developments during the previous year have proven the existence of an economic copper deposit. Recent diamond drilling in the vicinity of the old underground workings has proven a length of 560 feet of ore in two zones to a vertical depth of 150 feet, averaging 4.53 feet in width and containing 2.34% copper.

FINANCES

The company's financial status today reflects approximately $2,500,000 in current assets in excess of current liabilities.

TO UNREGISTERED SHAREHOLDERS

Shareholders holding Street Certificates are urged to have their shares registered with the Company's Transfer Agents:

THE GUARANTY TRUST COMPANY
70 Richmond St. Toronto, Ont.
610 St. James St. West, Montreal, P. Q.
BANKERS TRUST COMPANY
16 Wall Street, New York 5

QUEBEC CHIBOUGAMAU GOLDFIELDS
LIMITED

Suite 204 - 132 St. James St. West, MONTREAL, P. Q.

Shares of "Quebec Chibougamau" Are Listed on the Toronto and Canadian Stock Exchanges
Shares of Opemisca Explorers Are Listed on the Toronto and Canadian Stock Exchanges

Lithium Deposits Development: Cat Lake-Winnipeg River Area

By J. F. DAVIES*

Geologist, Mines Branch, Department of Mines and Natural Resources, Winnipeg, Manitoba

Canadian Geologist incisively reviews some of the larger deposits of lithium reserves in the Cat Lake-Winnipeg River Area, now estimated at 7½ million tons. Mr. Davies concludes there are good increasing tonnage possibilities, and recommends other areas for intensive investigation.

During the past 10 months rapid development of several properties has resulted in bringing the Cat Lake-Winnipeg River area to the forefront as one of Canada's largest new lithium areas. Reserves of lithium ore are estimated, from the work to date, at over 7½ million tons for the area as a whole. Activity involved work on some previously known occurrences, the development of one large "hidden" deposit which had not been known except by parties interested in the property, and the original discovery of a new large dyke in July of the past year.

Lithium was first discovered south of the Winnipeg River in 1924. During the next two or three years other deposits were found at Bernic Lake and near Cat Lake. At that time the demand for the metal was insufficient to warrant more than surface investigation, the results of which left considerable doubt as to the actual size and value of these deposits. However, the pegmatite dykes left their mark on the public fancy on account of their widespread distribution and the diverse assortment of uncommon minerals which they contained.

Sporadic attempts to develop some of the deposits were made over the years but it was not until the latter part of World War II and the years thereafter that any significant work was done on them. Up until 1949 there were hopes that a lithium industry could be established in the province but following failure of endeavours toward that end, again apparently due to insufficient demand and attendant costs of production, interest waned.

Location and Facilities

The region under discussion is situated about 80 miles northeast of Winnipeg and all the deposits within the area are less than 15 miles from existing roads. Currently a gravel road is being built to Cat Lake. Power is available from several plants on the Winnipeg River. Construction of a power line to Cat Lake is underway.

Geological Setting

The Cat Lake-Winnipeg River area is underlain by Archean andesites and quartzose sedimentary rocks which are invaded by complex sills of gabbro and peridotite and by batholithic bodies of granitic rocks such as pink microcline granite, pink to buff granodiorite, and gray albite granite. Dykes, sills, and irregular instrusives of pink microcline pegmatite and white or grey albite pegmatite, as well as various intermediate types, have invaded both the andesite and sedimentary rocks, in addition to the granites along the margins of the batholiths.

The major structure is anticlinal. The North limb is represented by the rocks along the Cat Lake belt, the south by those along Bird River and Bird Lake. These latter rocks are further folded into a syncline; the andesites around Bernic Lake occur along the south limb of this fold.

Geology of the Lithium Pegmatites

Although pegmatite exists throughout all parts of the area, the lithium-bearing ones are confined to the rocks within 1,500 feet or less of the margins of the large granitic instrusives. They may occur either in the granite or in the rocks adjacent to it. All those of any consequence known to date, occur in andesite or the nearby granite. Only small amounts of lithium minerals have been found in pegmatite in the sedimentary rocks. It is not known what significance this apparently exclusive association with andesite has.

All the lithium deposits occur in pegmatites characterized by white or grey albite feldspar. These pegmatites may also contain some pink microcline but those dykes in which microcline is the dominant feldspar generally lack lithium minerals. Consequently, the white or grey pegmatites may contain lithium minerals, the dominantly pink ones do not.

The white or gray pegmatite consists largely of albite, quartz, various pale micas, and biotite. Black tourmaline is present in many of them. Pink, blue and green tourmaline is also found. Many other uncommon minerals are often present: besides spodumene these include amblygonite, petalite, lepidolite, triphylite, (all lithium minerals), purpurite, beryl, cassiterite, tantalite - columbite, and topaz. Pale yellow-green and pale lilac-colored lithia micas are present in many dykes. Zinnwaldite is present in some.

Spodumene, the most abundant lithium mineral in the deposits, occurs in fine, medium, or coarse-grained phases of the pegmatites. Several deposits are fine- to medium-grained and are characterized by a rather uniform distribution of spodumene crystals in the form of randomly oriented or parallel blades, laths, or fine needles. Others are characterized by lenses and narrow bands of quartz - spodumene intergrowth scattered throughout the pegmatite. Generally the spodumene is white or cream-colored. Some dull green and some bright green spodumene is found in places.

Where the dykes are zoned, spodumene and other lithium minerals, if present, characteristically occur in the central zones. Even in those dykes where zoning is not prominent, there are generally a few inches adjacent to the walls which either lack, or contain only a few, crystals of lithium-bearing minerals.

The following descriptions of some of the larger deposits will

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*A paper presented by Mr. Davies at the 24th Annual Prospectors and Developers Association Convention, Toronto, March 7, 1956, with permission of the Hon. Chas. E. Greenlay, Minister of Mines and Natural Resources, Winnipeg, Manitoba.

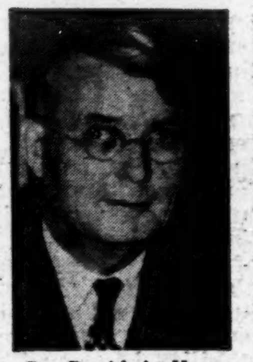
Nuclear Energy as Future Power Source for Canada

By DAVID A. KEYS*

Scientific Adviser to the President of Atomic Energy of Canada, Ltd., Chalk River, Ontario

In a country utilizing hydro-power for 97% of electricity, Nuclear Authority foresees one-third of 1980 Canadian power coming from nuclear reactors. Dr. Keys explains that: (1) most natural power sites have been exploited; (2) more economical for central Canadian area to import U.S.A. coal; (3) fossil fuels will be eventually expended and more costly whereas great supplies of uranium and thorium supplies are available, likely to become cheaper and now are a source of cheaper fuel costs. Future use of nuclear power is seen based upon low fuel costs, competitive efficiency with coal-fired boilers, and achievement of a long burn-up uranium fuel.

The prosperity of a country and its standard of living may be directly related to the power available to its people. Those countries which either lack natural sources of power or have not developed what they do have, possess the lowest standard of living. If, therefore, we in Canada are to maintain and raise our standard of living, we must be assured sources of power adequate for our growing population. Our gross natural product, expressed in dollars, is increasing at a slightly greater rate than our population, which indicates a general rise in standard of living. If we take the number of kilowatt hours of electrical energy generated in Canada as a fair indication of our standard of living, then we note that in 1955 more than 76,000 million KWH were generated, an increase of 10% over that in 1954. About 97% of this electricity is produced from hydro installations, which have enabled electric power to be sold in Canada at the lowest price of any country in the world, except Norway. The mean selling price in Canada is 8 mills/KWH, which means that the production costs must be much less.



Dr. David A. Keys

Hydro-Power and U. S. Coal

We, in Canada, have been extremely fortunate in our supply of potential sources of hydro-electric power but in most of our provinces these natural sites for power plants have now been exploited. Quebec and British Columbia still possess large available sources of hydro power but most of the other provinces have had to build coal, oil or gas-fired plants to provide the electric power required in our growing economy. In Ontario, in which province more than half the total Canadian industrial manufacturing takes place, the new additions to the Niagara, Adam Beck II plant, and the St. Lawrence Seaway Development will not be sufficient to meet the requirements in 1962. Additions to the large Richard L. Hearn steam plant in Toronto are being considered and other plants must be constructed. By 1980 it is estimated that Ontario will require over 23,000,000 kilowatts of which only 5,500,000 kilowatts will be supplied by hydro. We have coal in Canada, both in the East and West, but the demand is mostly in the central provinces, and the cost of mining and transportation over such long distances to Ontario make it more economical to import coal from the United States, which costs less and is closer to hand.

The cost of mining coal in Nova Scotia and transportation are such that the Federal Government subsidizes the export of the coal from that province. In view of the future electric power required, Ontario and also most other provinces are interested in the possibilities of using nuclear power. What makes this so attractive? The answer is two-fold. First, because the fuel costs will be low and efficiency may be such as to make nuclear reactors competitive with coal-fired boilers as sources of heat energy. Secondly, it is realized that our sources of fossil fuels will eventually be expended and will also become more costly, whereas, uranium and thorium are very likely to become cheaper and there are great supplies of these funds available.

Fuel Costs Comparison

Since the complete consumption of a pound of uranium yields the same amount of heat as burning 2,700,000 pounds of coal, or 360,000 gallons of gasoline, or 20 to 30 million cubic feet of natural gas, it is realized that the fuel costs will be low. Dr. W. B. Lewis has estimated that the yearly saving in fuel costs by using uranium in place of coal, at present prices, in generating 10 million kilowatts of electricity, would be $190,000,000 if only 1% of the uranium were consumed. The price of coal will certainly increase and likewise the cost of uranium will decrease as improvements in methods of separation and refining are established. The actual costs of a nuclear boiler for production of power is at present greater per kilowatt output than a steam unit fired with coal, but in a new field this is to be expected.

Nuclear Developments

Practically every country is thus interested in the possibilities of using nuclear power. The British have realized that they must develop its application, for already they cannot mine enough coal to meet their economic demand for fuel. They are actually importing Canadian coal. Consequently, they have undertaken to supply at least the equivalent of a yearly consumption of 40,000,000 tons of coal by 1975, at which time it is estimated that about 40% of the British electric power will be supplied by nuclear energy, according to Sir John Cockcroft. The world consumption of fossil fuels is increasing about 2% per year and eventually a substitute must be found. Nuclear energy has arrived just in time to supply the need.

While the British are now requiring nuclear power to supplement their supply of coal and are building reactors with which to

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*An address by Mr. Keys before the 24th Annual Prospectors and Developers Association Convention, Toronto, Canada, March 6, 1956.

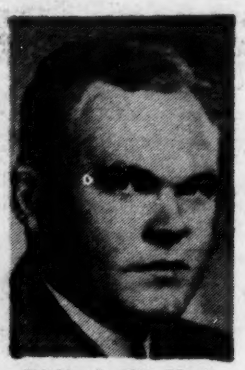
Lithium Market Outlook and Technological Developments

By R. W. HYDE*

Arthur W. Little, Inc., Cambridge, Mass.

Chemical engineer presents lithium's current and near term prospects and finds, in either case, supply exceeding demand. Potential future uncertainty is attributed to security cloak thrown over possible exciting nucleonic application. Mr. Hyde traces the development of lithium, since its discovery in 1918, and describes growth in the following industries: (1) lubrication; (2) glass and porcelain; (3) metal; (4) air conditioning and drying; (5) storage batteries; (6) paints; and (7) high energy propulsion fuels. Question is raised whether thermal nuclear controlled fission reactions can be achieved to sustain and maintain temperatures over a million degrees.

Present capacity for lithium and lithium chemicals exceeds current demand. Moreover, the recent substantial expansions will apparently provide sufficient capacity by the end of 1956 to more than meet 1960 requirements. Capacity in 1956 is estimated to reach 23.8 million pounds while demand in 1960 is projected 15.4 million pounds. This latter figure for the demand in 1960 is conservatively estimated on the basis of normal growth and consumption in all commercial outlets, but the greatest increase will come in lithium greases. Military and AEC demand has been estimated on the basis of a statement made by the President of Lithium Corp. of America that the Government will not take an amount exceeding 20% of civilian requirements in the next few years.



Richard W. Hyde

However, the potential future demand for lithium is somewhat obscured by security on possible applications in nuclear energy and some exciting potential applications which could have a substantial effect on the future demand. While the writer is not able to determine with any high degree of certainty the probable importance of lithium in the future, I shall try to present a picture of the lithium situation relating to future markets from which you may draw some conclusions. In order to present this picture, it is necessary to review the recent developments relating to lithium and lithium chemicals and their production.

*An address by Mr. Hyde before the 24th Annual Prospectors and Developers Association Convention, Toronto, Canada, March 7, 1956.

Lithium Development Reviewed

Lithium was first produced in metal form in 1918 by Sir Humphrey Davy, the inventor of the miner's safety lamp. It is not only the lightest metal, but the lightest known solid. It will float on gasoline. Having a density of only 33 pounds per cubic foot, it makes heavy weights of magnesium and aluminum, which have densities of 108 and 109 pounds per cubic foot respectively. As a structural metal, lithium has little to recommend it. It cuts like cheese. Water attacks it vigorously at room temperature, producing hydrogen. The heat of a match will melt it, but it takes 2,550 degrees F. to boil it. Lithium is highly reactive chemically and forms a multitude of interesting compounds. It is the application of these many chemical compounds that makes lithium important.

The growth of lithium production in recent years in terms of lithium carbonate equivalent is shown in Figure 1. As late as 1952 only two significant applications for lithium existed: lithium hydride as a hydrogen carrier in air-sea rescue kits, and lithium hydroxide for production of multipurpose greases. In 1942, lithium was placed under War-Production Board controls and the development of the vast King's Mountain deposit was requested. During World War II, Government siphoned off nearly the total output, with the result that lithium lost many of its industrial outlets. Government demand ceased abruptly in 1945 and the growth of the THC lithium industry since that time is due chiefly to the many versatile applications of lithium and its compounds in industry.

In June, 1952, the Defense Procurement Administration announced a production goal for the lithium chemical industry of 10 million pounds of lithium carbonate annually by 1955. At the time, capacity was approximately 4½ million pounds divided among four producers. Shortly thereafter, Foote Minerals started construction of a plant at Sunbright, Va., and announced capacity of 5.3 million pounds of lithium carbonate equivalent. The initiation of the hydrogen bomb program apparently threw a cloak around the subsequent lithium expansion by Foote Lithium Corp. of America and American Potash and Chemical. It was recently reported that further expansion of Foote Mineral Co.'s Sunbright, Va. plant was under way. Late in 1954 Lithium Corp. completed a new $7 million plant at Bessemer City in North Carolina. American Potash, previously limited to by-product of about two million pounds annually, at Searles Lake, organized a 6.6 million American Lithium Chemical Co. plant at San Antonio, Tex., to process ores imported from Rhodesia. Some of this construction, which represents the recent expansion, was aided by guaranteed loans, accelerated amortization, and other public gestures. The Defense Production Administration, according to published reports, was allowing tax write-off "as high as 80%." While the capacity of many of these plants has not been disclosed, Figure 2 presents our estimate of the 1956 production capacity.

Commercial requirements of lithium chemicals are estimated at 10.6 million pounds in 1956 and 15.3 million pounds in 1960. A breakdown of these according to applications is presented in Figure 3. A brief discussion of the applications of lithium chemicals with emphasis on possible growth areas is in order.

Lithium Chemical Applications

Since before World War II, lithium stearate has been used in laboratory greases, especially at extreme temperature applications (—60 degrees F. to 32—degrees F.). Thirty major oil companies are now licensed to produce these greases which are recognized for their superior lubrication under widely varying conditions. For many years special greases were available for high temperature applications, others for low temperature applications and still others for water resistance conditions. But no single grease gave suitable lubrication under all three conditions until lithium base greases were developed. Lubricating greases are basically lubricating oils whose thixotropic properties are altered by the addition of metallic soaps. When lithium soaps of fatty acids are used, the grease has a high melting point, is soft enough to flow in lubricating temperatures well below zero, does not emulsify with water and has a minimum change of consistency with respect to temperature.

Ceramic Industry

Lithium in the form of manganites, titanates, zirconates and cobaltites are used in porcelain enamels to provide greater adherence, lower firing temperature, improved acid resistance and great resistance to the thermal shock resistance. Many of the present uses of lithium in the ceramics industry cover more than two decades of intensive investigation and development. Lithium's function in ceramics is primarily as a flux to provide lower softening and maturing temperatures. It is also used in porcelain enamels to provide high thermal expansion to match the expansion of the base metal. The application in enamels is a potentially important growth area. In ceramics, lithium provides the function of lowering the temperature and/or reducing the firing time or increasing the hardness of either a porcelain enamel or glass. In the glass industry, lithium's crystal orienting ability is used to produce greater thermal stability in some types of glasses, particularly in the television tube industry.

Uses in Metals

In the metal industry, lithium chloride and fluoride are used in conjunction with other salts in fluxes for welding and brazing applications. Structural use of light metal such as aluminum is possible only because of the adherent inert oxide film which prevents corrosion. In joining these metals by welding or brazing, this film must be removed to permit metal to metal contact. This requires a flux which will melt, flow and dissolve the oxide film at a temperature below the melting point of the metal and stay fluid to pro-

Continued on page 56

United States Investments in Canadian Mineral Resources

By JAMES BOYD*
Vice-President, Kennecott Copper Corporation

Kennecott official expresses faith in Canadian and United States complementary partnership and Canadian mining industry, and foresees mutual growth and strength resulting from interchange of technical and financial activities. Mr. Boyd states Canada has reached industrial power with a highly skilled and well-financed mining industry which can compete with any country on a free and equal basis. In covering the extent of Kennecott Copper's joint ventures in some Canadian activities, Mr. Boyd points out that only financially strong companies can undertake very costly large-scale exploration.

In my opinion, Canada and the United States are complementary; together they form a shield of immense strength, the armour of freedom. Co-operation between them is essential and mutually beneficial.

James Boyd

In terms of mining finance, I see the above political fact as follows:

As in the United States, Canada presents free opportunity for all to invest on an equal and competitive basis. There is no tax discrimination and those who make money are allowed to take it out of the country if they so desire. Many, of course, would prefer to reinvest it here. In mining, Canadian policy encourages investment. The tax moratorium for the first three years of mining is a valuable incentive. The stability and free exchangeability of the Canadian dollar, together with the political and legal conditions in this country, add further to its attractiveness as a field for investment.

Canada has now reached the status of an industrial power with a highly skilled and well-financed mining industry able to compete with that of any country on a free and equal basis.

The United States market and United States financial strength have been big factors in the development of Canadian mineral resources. The United States grew economically on the basis of outside investment and this has been true of many of the great nations of the world. Such foreign investment did not constitute a threat of dominance to American industry; and today Canadian financial strength is so great that American investment, comprising only 16% of the total, constitutes no such threat to Canada.

Friendly Attitude

The attitude of United States investors toward Canada is most friendly, and there is no nation in the world in which the American public has greater confidence and for which it has greater affection.

My own feeling is that this confidence is worth a great deal, both to Canada and to the United States.

As I see it, therefore, the basis of co-operation between Canada and the United States in exploration and development of mineral deposits must be that of free and equal partners. As the United States is more developed industrially than Canada, and its mining industry older and more extensive, it is likely to be able to supply some of the required capital and technical experience. I do not mean by this that American participation is essential. Canadian scientists and engineers are more than competent and it is well known that Canadian investors provide in excess of 80% of the new capital requirements for Canadian ventures. Working together, however, the job can be done more quickly.

Conversely, Canadians invest freely in the enterprises of the United States; for example, they can and do buy Kennecott shares. At the last count there were over 300 shareholders identifiable as Canadians owning more than 50,000 shares or, at the current market price of our shares, approximately 15% of Kennecott's investment so far in Canada. Canadian holdings are increasing and we hope they will continue to do so. Such interchange of technical and financial activities tends to strengthen and vitalize both economies.

Canadian Ventures

For exploration purposes, Kennecott is represented in Canada by Kennco Explorations, (Canada) Limited, operating mainly in Central and Eastern Canada; Northwestern Explorations, Limited, operating in British Columbia and the Yukon; and Kennarctic Explorations, Limited, concerned with the development of the far north.

The basic task of these companies is primary exploration for new deposits. We have a staff of about 30 geologists and engineers, 90% of them Canadians, and we are using mass prospecting techniques, many of which have been developed in Canada. We recognize that Canadian mineral exploration is probably the most highly skilled in the world, and Canadian prospectors and developers are essential to a successful program. A minimum of outsiders is used only to bring the experience gained all over the world. Science knows no political boundaries. On Kennecott's exploration staff we have men from England, France, Belgium, Holland, South Africa, Germany, Peru, Bolivia, Chile, Australia, from all the provinces of Canada and many of the United States. All of these men, through semi-annual meetings, contribute their knowledge, training and experience to our Canadian ventures.

Leavening Contribution

Geological knowledge of ore occurrence is, in our opinion, still in a compartively elementary stage of development. Methods and techniques of detecting ore deposits are also comparatively new and still at an experimental stage in many instances; these techniques are being greatly improved. To this end we are conducting extensive research ourselves and supporting the work of others, the full benefit of which we expect to utilize in our work here. Thus, our activities in Canada are a leavening process, a small contribution to the total of a great and vital industry in an equally great industrial country.

Because the science of mineral exploration is still in its infancy,

Continued on page 37

*An address by Mr. Boyd before the Prospectors and Developers Association, Toronto, Ont., March 5, 1956.

Canada: Haven for Blue Chip and Enterprise Capital

Continued from first page

Chibougamau (the new Canadian word for copper). CNR is also building a dazzling new hotel, The Queen Elizabeth, in Montreal, and a Terminal Centre Bldg. near the hotel. Railroading is fine in Canada—all 43,000 miles of it.

One hundred eighty-five thousand miles of surfaced roads beckon the motorist to the most diverse, breathtaking, and lake laden scenery in the world; and some 2,000 miles of the Trans Canada Highway has now been completed. Like the United States, Canada has a virtually limitless future in road building, which augurs well for its expanding cement industry.

Over 800,000 square miles of verdant forest land provide the backdrop for Canada's largest manufacturing industry — pulp and newsprint. This accounts for gross annual product valued above $1¼ billion, delivered by 87 companies running 132 mills. The price of newsprint has been advancing due to the fact that 80% of U. S. newspapers are printed on Canadian paper; and American newsprint consumption increased 8% in 1955, alone. International, Howard Smith, Consolidated, and Minnesota and Ontario come to mind as makers, in a very real sense, of paper profits.

Everyone knows hydro-electric power is the cheapest. All you have to do is find big enough streams to dam at the right places. Well Canada has plenty of both, and now boasts 17,531,536 of installed hydro-electric horsepower which will be 1,000,000 H. P. bigger by the end of 1956. The St. Lawrence Power Project will help, by a dam site or two.

Of course, any economic panorama of Canada would just have to include minerals — almost any mineral or metal you can name, they've got. Let's start with iron ore and work up. In 1939 a measly 123,000 tons of iron ore was turned out, north of the St. Lawrence. For 1955 the figure had soared to eight million tons. Steep Rock Iron Mines, in Ontario, and the big deposits in Quebec and Labrador worked by Iron Ore Company of Canada, and Hollinger Gold Mines hold the key to production which may, in five years, reach 20 million tons annually. Give some credit to this ore, too, for the building of the St. Lawrence Seaway. Demand for low cost water transport to bring this remote ore to steel mills on the Great Lakes was what gave the final push to a project a quarter century in the making. (Incidentally, Steel Company of Canada has a $70 million expansion in progress, so it too will be in need of a lot more ore.)

Next, copper. With this vital industrial mineral selling at highest world prices in 91 years, strikes in the Chilean mines, and Russia an avid buyer, Canadian copper mining never looked so good. The unpronounceable Chibougamau has lived up to its billing. Copper there has been jumping. Led by Campbell Chibougamau, followed by Opemiska which had a wonderful year, and then at a more speculative level New Royran and Merrill Island. Elsewhere the merger of Bancroft into Maritimes, presents a Newfoundland company in production this year. Temagami common was rewarding, moving from $1.96 to $7.00; and out in British Columbia with a glacier in its backyard, lies Granduc with a vast indicated reserve of copper ore.

Nickel is almost synonymous with Canada. International Nickel is, of course, the world leader but Falconbridge and Sherritt Gordon are moving right along as expanding producers.

The big news of Feb. 23 that the United States would release $1 billion in uranium for peacetime atomic application in the free world—this news assures a rich radioactive year for the Maple Leaf uranium producers. The U. S. is releasing the uranium, but far more of the stuff comes from Canada than the Colorado Plateau. By the 1956 year end, Canada should be the leading U-producer of the world, moving ahead of the Belgian Congo. Already at the level of mature companies, are Algom, Pronto, Gunnar, Consolidated Denison; and moving up are Rayrock, Panel, Can-Met, Spanish American and Stancan. Uranium is still the most vital strategic mineral in the world—so look for even more activity at Beaverlodge and Blind River.

The golds, paced by Kerr-Addison and Giant Yellowknife, had a good year; and the murmurings about an increase in the world price of gold are being heard again. Some fine day the gold shares, especially marginal ones, will be the most dramatic overnight speculations imaginable.

Zinc and lead have gone their merry way in a rising metal market. Consolidated is still on top; and the Pine Point mines on the Southern Shore of the Great Slave Lake wait only transport to deliver the zinc and lead they shelter in great profusion.

And, of course, for across the board Canadian entry into diversified mining, there are always Noranda, Ventures and McIntyre, with seasoned, sagacious managements and potent portfolios.

We've saved till last among the minerals, oil and natural gas. What a story that is! What a vibrant picture to project for 1956. Oil, now produced at 350,000 barrels a day, needs only bigger nearby markets; and has been benefited by the expanded through-puts on Interprovincial Pipe Line to the East, and Transmountain to the West. The exciting development for 1956, however, relates to natural gas. The building of Westcoast Transmission to the American border, now assured, provides the outlet for Prairie gas long yearned for; and if only the $350 million gas line to the East can swiftly get under way—a new era for the Canadian West will unfold—another Texas but with a Canadian accent. Natural gas production is bound to boom. It was up 15% in 1955.

The consumers in Canada, too, have been busy, with 1955 buying an all-time high in motor cars, houses, appliances and groceries. Ford of Canada was a uniquely choice investment long before its Papa sold 10,200,000 shares to the American public. Supermarkets are burgeoning, led by Dominion Stores and Loblaw. Loblaw, in particular, deserves special citation for reversal of a trend. Many Canadians have looked wistfully on, while outside American capital moved in to control many native enterprises. Well, this year Loblaw went to the States, and picked up control of National Tea Co. (Other American companies moving into Canadian hands are Western Auto Supply and Pressed Metals Corp.)

Of course, all this lush economic fare would

not be possible without a sound investment, and financial climate. Well Canada has that. Starting with a sturdy dollar, a balanced budget for most of the postwar years, Canada boasts a branch banking system of unparalleled solvency, and a group of life insurance companies that compete effectively with American companies. As a matter of fact, if you want to buy a "lump sum" annuity, Canadian companies offer some of the very best yields obtainable.

Investing in Canada functions through a number of large underwriting houses, dozens of well heeled brokerage firms and an active series of Stock Exchanges from Montreal to Vancouver.

The Toronto Exchange — has become famous for the volume of its transactions—1,500,000,000 shares trading in 1955. The largest trading in a single issue was Can-Met Explorations wherein 26,332,523 shares changed hands between a low of 48c and a high of $3.90. Equally fabulous, is the Montreal Stock Exchange. The Canadian Stock Exchange (also in Montreal) is roughly the equivalent of the American Stock Exchange, in New York. In addition, the Stock Exchanges in Calgary, Vancouver, Winnipeg and Edmonton provide listed markets in a broad diversity of, for the most part, shares of smaller local enterprises.

Of particular importance is the over-the-counter, and placement machinery, available. This is largely provided by members of the Investment Dealers' Association of Canada; with the interdealer activities being governed by Security Traders Associations located in Toronto and Montreal.

During recent years, much of Canada's expansion has been financed through the issuance of bonds and shares. It is estimated that approximately 80% of such securities have been underwritten and distributed in the domestic market; although, subsequently, a proportion of many have undoubtedly found their way into the hands of investors outside Canada's boundaries.

The scope of underwriting, placement and over-the-counter trading operations might well be considered huge in relation to the country's population. Mortgage and convertible bonds, preferred and convertible shares, debentures with share purchase warrants, running into the millions of dollars for each issue, have been distributed and, in most cases, gone quickly to premium prices. In dollars, the majority of new securities have provided funds for the capital expansion of established companies, as they strive to keep up with the constantly growing economy.

All these extensive facilities for buying and selling, and the maintenance of orderly trading markets, assure prompt and efficient execution of Canadian investment orders.

No better summary of good times in Canada can be presented than contained in the statement of Albert Clifford Ashforth, President of Toronto-Dominion Bank: "Canadians never had it so good. In 1955 they produced more, imported more, earned more, spent more, consumed more, borrowed more, saved more, invested more than in any previous year."

And the ultimate documentation of all this prosperity, and all these bright hopes for 1956, is found in Canadian dividend paying securities. We append a list of these, including shares of many of the most renowned Canadian companies. Some have paid dividends for 127 years. For dividend durability and dramatic gain, look to Canada.

TABLE I

LISTED CANADIAN *Common Stocks*

On Which CONSECUTIVE CASH DIVIDENDS Have Been Paid From

10 to 127 Years

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1955 —Canadian $ § —	Quotation Dec. 31, 1955♦ —Canadian $ § —	Approx. % Yield Based on Paymts. to Dec. 31, 1955
Agnew-Surpass Shoe Stores, Ltd. Makes and distributes shoes through retail chain	22	0.40	8	5.0
Aluminium Ltd. Largest producer of aluminum ingot in the world	17	*2.15	108	2.0
Andian National Corp., Ltd. Operates crude oil pipe line in Colombia, S. A.	12	*0.40	6½	6.2
Anglo-Canadian Pulp and Paper Mills, Ltd. Newsprint and allied products	10	2.00	49	4.1
Anglo-Huronian Ltd. Holding & operating co.—chiefly interests in Can. gold mining	16	0.50	13⅜	3.7

♦ Quotations represent Dec. 31, 1955 sale prices or the last sale price prior to that date. Bid and ask quotations are as of Dec. 30, 1955.
§ Add current Canadian Exchange Rate.
* Dividend paid in U. S. Currency.

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Toronto Bond Traders Association

Pictures on this and succeeding pages were taken at the Annual Dinner of the Toronto Bond Traders Association, King Edward Hotel, Toronto, March 9, 1956

Ernie Jarvis, *Wisener and Company, Ltd.*, Toronto; Bus Moorhouse, *Deacon Findley Coyne Limited*, Toronto; Ed Kelly, *Carl M. Loeb, Rhoades & Co.*, New York, President of Security Traders Association of New York; L. W. Virtue, *James Richardson & Sons*, Toronto, President of the Toronto Bond Traders Association

Donald Lee, *Playfair & Company*, Toronto; Lorne McClellan, *Bankers Bond Corporation, Limited*, Toronto; John Jarvis, *Bankers Bond Corporation, Limited*, Toronto; J. R. Meggeson, *J. R. Meggeson & Co.*, Toronto; Ralph Snider, *Canadian Bank of Commerce*, Toronto

Bill Richardson, *Mills Spence & Co., Ltd.*, Toronto; Karel Stonner, *Bankers Bond Corporation, Limited*, Toronto; Barney Hughes, *Bankers Bond Corporation, Limited*, Toronto; Gene St. Marie, *Walwyn, Fisher & Co.*, Toronto

Jack Evans, *Royal Bank of Canada*, Toronto; Dave Weldon, *Midland Securities Corpn. Ltd.*, London, Ont.; Bernie de Breyne, *L. G. Beaubien & Co.*, Montreal; Eric Wright, *Geoffrion, Robert & Gelinas, Inc.*, Montreal; Bill Stewart, *Midland Securities Corpn. Ltd.*, Montreal

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Canada: Haven for Blue Chip And Enterprise Capital

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1955 —Canadian $ §—	Quotation Dec. 31, 1955♦ —Canadian $ §—	Approx. % Yield Based on Paymts. to Dec. 31, 1955
Anglo-Newfoundland Development Co., Ltd. "Ord." Newsprint and allied products; also mining interests	11	0.60	12½	4.8
Asbestos Corp., Ltd. Mining & milling of asbestos fibre	18	1.60	42	3.8
Ashdown Hardware Co., Ltd., J. H., "B" Large wholesale and retail business in general hardware	18	0.665	13	5.1
Aunor Gold Mines Ltd. Ontario gold producer	15	0.16	2.45	6.5
BANK OF MONTREAL Operates 602 branches and agencies throughout the world ● **See Bank's advertisement on page 51.**	**127**	**1.45**	**47⅛**	**3.1**
BANK OF NOVA SCOTIA Operates 450 branches and sub-offices throughout the world ● **See Bank's advertisement on page 41.**	**123**	**2.00**	**59**	**3.4**
Banque Canadienne Nationale Operates 247 branches in Canada	74	1.25	41	3.0
Barber-Ellis of Canada, Ltd. Stationery and printers' supplies	25	4.00	b36	11.1
Beatty Bros. Ltd. Manufactures barn and stable equipment, household equipment, pumps, etc.	16	0.40	7¼	5.5
Belding-Corticelli Ltd. Makes nylon, silk and rayon threads for all purposes	33	0.20	7¾	2.6
Bell Telephone Co. of Canada Most important telephone system in Ontario and Quebec	75	2.00	50	4.0
Belleterre Quebec Mines, Ltd. Quebec gold producer	11	0.10	2.10	4.8
Biltmore Hats Ltd. Men's fur felt and wool felt hats	22	0.40	b6⅜	6.3
Brazilian Traction, Light and Power Co., Ltd. "Ord." Diverse utility interests in Brazil	15	†0.03	7¼	0.4
British American Bank Note Co. Ltd. Makes bank notes, bonds, revenue stamps, and similar items	21	1.50	30¼	5.0
British American Oil Co. Ltd. Petroleum production, refining, distribution	46	0.85	37¾	2.3
British Columbia Telephone Co. "Ord." Second largest privately owned telephone system in Canada	40	2.00	49¾	4.0
Brock (Stanley) Ltd. "B" Laundry supplies, hardware, plumbing supplies, etc.	10	0.40	b6¾	5.9
Building Products Ltd. Asphalt roofing, flooring and insulation	29	1.80	40¼	4.5
Burlington Steel Co., Ltd. Steel rolling mill & related oper.	19	1.50	30	5.0
Caldwell Linen Mills, Ltd. Makes wide variety of linen and cotton products	13	0.80	b14½	5.5

♦ Quotations represent Dec. 31, 1955 sale prices or the last sale price prior to that date. Bid and ask quotations are as of Dec. 30, 1955.
§ Add current Canadian Exchange Rate.
b Bid.
† Adjusted for stock dividends, splits, distributions, etc.

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United States Investments in Canadian Mineral Resources

the decision to engage in primary exploration does not in itself carry any guarantee of financial success. It would be distinctly possible to spend many tens of millions of dollars with no return whatever. We believe that we have amply demonstrated our willingness to take this risk.

Growth Contribution

If we are to be welcome in your economy we must be prepared to contribute our measure to its growth. We encourage our geologists to take part in your scientific discussions and to contribute our thinking, and the results of our experience, to those discussions. We feel that we must carry on the highly speculative search for virgin deposits, and, furthermore, consider that it would be unsound not to assist actively in the development of modern prospecting science but merely wait for others to find the deposits for us. Concurrently, however, we are always keen to consider proposals brought to us, and we have numerous and diverse types of financial arrangements with various companies, individuals and syndicates. Much of our work consists of the joint exploration of properties partly owned by Canadian interests.

Exploration Expensiveness

It may be noted that modern, large-scale exploration, involving the use of airborne geophysical techniques and other methods, can be extremely expensive. Consequently, we believe that it is possible for only financially strong companies to undertake such ventures.

Large companies with ample financial reserves can serve other functions in the field of minerals investigation. For example, as a result of our exploration in an area known to contain ilmenite we discovered large deposits at Allard Lake in the Province of Quebec. This occurred in 1946. The deposit is believed to be the largest of its type yet known. It is perhaps interesting that even at that time we used airborne magnetometer surveys—the first, I believe, to be conducted in Canada. Although they did not actually aid in the primary discovery, they proved highly useful in delineating the mineralized zones. However, after the expenditure of many millions of dollars and a great deal of effort in basic research, this property is only now, after 10 years, reaching the stage at which daylight begins to appear. It is not the sort of undertaking which could have been handled by small companies. It was, in fact, one in which we felt the need of partners to spread the risk and lend know-how. Hence it was developed with The New Jersey Zinc Company. Once this project is firmly established, however, it will place Canada in the position of being one of the world's leading sources of titanium.

Columbium

In this category also is the development of the Columbium deposits at Oka, Quebec, which we, in conjunction with the Molybdenum Corporation of America, have recently undertaken. Columbium is a comparatively new element in commerce and its metallurgy is by no means well known. Much costly research and perhaps years of time will be required before we can hope to develop it to a point where it is an economically profitable venture. Even the treatment of the primary ore still requires extensive basic investigation.

Similarly, in conjunction with the Hudson's Bay Company, we have been conducting research on mineral resources in the Arctic regions of Canada. Maps of fundamental value are accruing and much information on mineral possibilities is being gathered. It is doubtful if any immediate return on this investment can be expected. There are numerous natural difficulties to be overcome; all of them are very well known to the Canadian prospectors. However, we feel that this work will be worthwhile to increase the knowledge of Canada, and we hope that eventually we shall be able to produce metals from these northern regions.

Further Canadian Integration

Through our current activities we are making our contribution an integral part of the Canadian economy, and we are constantly studying means for even further integration. We are fully aware of the natural desire of any Canadians to participate directly in their country's development and wish to adapt our policies to this desire. To date we have put into the Canadian economy far more than we have taken out. Our employees working in Canada are overwhelmingly Canadian, and Canadians have assisted in our work in the United States and abroad; we are proud of their accomplishments.

The steps we are now taking, which will permit Canadians to invest directly, have been planned with care. Our reputation has been long and painfully achieved, and one false move could destroy almost overnight the confidence we trust Canadians have in us. It is our desire to treat as fairly as we know how those who bring proposals to us. We feel that no deal is a good deal unless it is satisfactory to both sides. It is not our desire or need to profit from the Canadian investors, but only from those ventures that can make a profit for both of us by releasing the treasure in the ground. In our position we cannot be a party to arrangements which are designed to create paper profits. We can participate only with those who recognize the risks involved and are willing to take a chance with us that the prospect can be de-

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L. W. Virtue, *James Richardson & Sons*, Toronto, President of the Toronto Bond Traders Association, addressing the annual dinner

Bill Dwyer, *W. C. Pitfield & Co., Ltd.*, Montreal; Stanley Cox, *Bankers Bond Corporation, Ltd.*, Toronto; Nigel Gunn, *Bell, Gouinlock & Company, Limited*, Toronto

Allen Lambert, *Toronto Dominion Bank*, Toronto; Edward Friesen, *Imperial Bank of Canada*, Toronto; Harold Crossin, *James Richardson & Sons*, Toronto; Stewart Phipps, *James Richardson & Sons*, Toronto; Larry Bell, *James Richardson & Sons*, Toronto; Harold Thomson, *Imperial Bank of Canada*, Toronto

Nevin Adams, *Intercity Securities Corporation Limited*, Toronto; Sandy MacLean, *Bank of Nova Scotia*, Toronto; Jack Mutch, *Bank of Nova Scotia*, Toronto; Art Schieman, *Bank of Nova Scotia*, Toronto; Tom Bradbury, *Brawley, Cathers & Company*, Toronto

Harold Backus, *McLeod, Young, Weir & Company Limited*, Toronto; Bill Price, *Osler, Hammond & Nanton*, Toronto; L. E. Barlow, *McLeod, Young, Weir & Company Limited*, Toronto; Keith McKinnon, *Harris & Partners Limited*, Toronto

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Canada: Haven for Blue Chip And Enterprise Capital

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1955 —Canadian $ §—	Quotation Dec. 31, 1955♦	Approx. % Yield Based on Paymts. to Dec. 31, 1955
Calgary & Edmonton Corp., Ltd. Leases oil and gas drilling rights in Alberta	19	0.10	21	0.5
Canada & Dominion Sugar Co., Ltd. Cane and beet sugar refining	25	1.00	21	4.8
Canada Bread Co., Ltd. Bread and cake wholesaler and retailer	13	0.10	4.20	2.4
Canada Iron Foundries, Ltd. Holding and operating company—machinery & equipment interests	11	1.20	36¼	3.3
Canada Life Assur. Co. One of the largest Canadian companies underwriting life, accident and sickness insurance	101	3.75	164½	2.3
Canada Machinery Corp. Ltd. Wide variety of tools & machines	16	0.25	14½	1.7
Canada Malting Co., Ltd. Malt for the brewing & distilling industries	28	3.00	59	5.1
Canada Packers Ltd. "B" Full line of packinghouse prods.	21	1.50	35⅝	4.2
Canada Permanent Mortgage Corp. Lends on first mortgages security, issues debentures, accepts deposits	100	2.90	90	3.2
Canada Steamship Lines, Ltd. Freight and passenger vessels: other diverse interests include hotels	13	1.00	33½	3.0
Canada Vinegars Ltd. Vinegar and apple products	31	1.15	20	5.8
Canada Wire and Cable Co. Ltd. "B" Copper and steel wires and ropes	17	3.00	75	4.0
CANADIAN BANK OF COMMERCE Operates 711 branches throughout the world	88	1.20	44½	2.7

● See Bank's advertisement on page 46.

Listed Companies Which Have Paid Consecutive Dividends From 5 to 10 Years Appear in the Second Table Starting on Page 54

Canadian Breweries Ltd. Holding co. — brewing and grain milling interests	11	1.25	31¼	4.0
Canadian Bronze Co., Ltd. Holding co. — subsidiaries make bronze bearings, bushings, and castings	28	1.75	28	6.3
Canadian Canners Ltd. Cans fruits, vegetables, meats, etc.	16	2.00	35⅞	5.6
Canadian Celanese Ltd. Synthetic yarns and fabrics	20	0.75	20¾	3.6
Canadian Fairbanks Morse Co., Ltd. Exclusive sales agent for Fairbanks, Morse & Co. of Chicago	18	1.00	22½	4.4
Canadian Gen. Elec. Co., Ltd. Exclusive manufacturing & selling rights of General Electric products in Canada	26	6.00	1050	0.6
Canadian Gen. Invest. Ltd. Management type invest. trust	27	1.28	31½	4.1
Canadian Industries Ltd. Name changed on Dec. 30, 1955 from Canadian Industries (1954) Ltd. Chemicals and allied products	29	0.45	22½	2.0
Canadian Ingersol-Rand Ltd. Manufactures compressors, pneumatic tools, pulp and paper	26	4.00	84	4.8
Canadian Oil Cos., Ltd. Petroleum refining & distribution	30	0.575	21½	2.7
Can. Pac. Ry. Co. "Ord." "The" private railway system of Canada	12	1.50	33⅞	4.4
Canadian Tire Corp., Ltd. Automotive accessories, parts, etc.	12	0.70	90½	0.8
Canadian Westinghouse Co., Ltd. Airbrakes and large variety of electrical apparatus	10	2.00	49	4.1
Celanese Corp. of America Yarns and fabrics	17	0.50	b19½	2.6
Celtic Knitting Co., Ltd. Silk, silk & wool, and cashmere hosiery	11	1.00	b26	3.8
Central Canada Invest. Ltd. Investment co. — large insurance interests	72	0.70	28	2.5

♦ Quotations represent Dec. 31, 1955 sale prices or the last sale price prior to that date. Bid and ask quotations are as of Dec. 30, 1955.
§ Add current Canadian Exchange Rate.
b Bid.

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U. S. Investments in Canadian Minerals

veloped into a profitable enterprise in which they can share.

Other Activities

We have a number of ventures, other than those described previously, from which production and profitable returns could arise on a shorter term basis, and upon these especially we have been cooperating with Canadian individuals, syndicates and/or companies.

In Nova Scotia, New Brunswick, Quebec, Ontario and British Columbia, we are investigating areas and deposits which we hold jointly with Canadian prospectors and companies. In the prospecting agreements joint financing arrangements are envisaged in the event of successful results from the exploration programs.

We consider that a partnership between United States and Canadian human and financial entities is good politics, good human relations and good business. We have faith in the future of this relationship and in the Canadian mining industry. We hope that your past hospitality and generosity will continue and that the rewards will be successful enterprises which will in turn contribute to our mutual growth and strength, and to the amity that has existed for more than a century between our two countries.

Branch, Cabell Admits

RICHMOND, Va. — On March 22, Miller Cabell will be admitted to limited partnership in Branch, Cabell & Company, 814 East Main Street, members of the New York and Richmond Stock Exchanges.

Bruns, Nordeman Admit

Bruns, Nordeman & Co., 52 Wall Street, New York City, members of the New York Stock Exchange, on March 22 will admit Nellie B. Graham to limited partnership.

Two With Inv. Planning

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—John T. Ruane and Kenneth Stewart are now with Investors Planning Corporation of New England, Inc., 68 Devonshire Street.

Goodbody Adds to Staff

DETROIT, Mich.—Alfred L. M. Marks has been added to the staff of Goodbody & Co., Penobscot Building. Mr. Marks was previously with First of Michigan Corporation.

Benson Coyne, *Deacon Findley Coyne, Limited*, Toronto; Gord Wiley, *R. A. Daly & Company, Ltd.*, Toronto; Gerald Stevenson, *R. A. Daly & Company, Ltd.*, Toronto; R. A. Daly, Jr., *R. A. Daly & Company, Ltd.*, Toronto

H. E. Neville, *Gairdner & Company, Ltd.*, Montreal; S. B. Jeffrey, *Gairdner & Company, Inc.*, New York; I. K. Ferguson, *Gairdner & Company, Ltd.*, Toronto; H. W. Lefevre, *Gairdner & Company, Ltd.*, Toronto

A. C. MacLean, *Gairdner & Company*, Toronto; M. H. Seagram, *Bank of Nova Scotia*, Toronto; R. H. Smith, *Gairdner & Company, Ltd.*, Toronto; R. G. Gage, *Bank of Nova Scotia*, Toronto

Douglas MacArthur, *Royal Bank of Canada*, Toronto; F. W. Lyonde, *Royal Bank of Canada*, Toronto; G. B. Mackenzie, *Royal Bank of Canada*, Toronto; E. N. Edgecombe, *Hugh MacKay & Co.*, Toronto; Gordon Simpson, *Standard Securities Limited*, Toronto

Hugh MacKay, *Hugh MacKay & Co.*, Toronto; D. E. Urquhart, *W. C. Pitfield & Co., Ltd.*, Toronto; Victor Waterfield, *W. C. Pitfield & Co., Ltd.*, Toronto; A. H. Hubbs, *W. C. Pitfield & Co., Ltd.*, Toronto

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Canada: Haven for Blue Chip And Enterprise Capital

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1955	Quotation Dec. 31, 1955♦	Approx. % Yield Based on Paymts. to Dec. 31, 1955
		—Canadian $ §—		
Chartered Trust Co. — General fiduciary business	21	1.20	55	2.2
Chateau-Gai Wines Ltd. — Wines and juices	11	1.00	18⅝	5.4
Collingwood Terminals, Ltd. — Operates a 2 million bushel grain elevator in Collingwood, Ontario	14	1.00	b12¼	8.2
Conduits National Co., Ltd. — Rigid electrical conduits, elbows, couplings, etc.	19	1.00	10¾	9.3
Confederation Life Assoc. — Wide range of endowment and life policies	32	1.50	b160	0.9
Consolidated Mining & Smelting Co. of Can. Ltd. — Lead, zinc, silver, chemical fertilizers, etc.	23	1.55	36¼	4.3
Consol. Paper Corp., Ltd. — Owns five mills; daily newsprint capacity 2,479 tons	10	†1.5625	35¾	4.4
Consumers' Gas Co. of Toronto — Manufactures and distributes gas in the Toronto area	108	0.80	23⅛	3.5
Consumers Glass Co., Ltd. — Wide variety of glass containers	20	1.50	30½	4.9
Corby (H.) Distillery Ltd."A" — Holding and operating co.—alcohol and spirits	19	1.10	17	6.5
Cosmos Imperial Mills Ltd. — Manufactures heavier grades of cotton duck	21	0.70	12½	5.6
Crown Cork & Seal Co., Ltd. — Bottle caps for the beverage industry	27	2.00	47	4.3
Crown Trust Co. — General fiduciary business	56	†0.575	25½	2.3
Crow's Nest Pass Coal Co., Ltd. — Coal producer on western slope of Canadian Rockies	38	4.00	152	2.6
Distillers Corp.-Seagrams Ltd. — A holding co.—interests include a complete line of whiskies and gins	19	1.70	38¼	4.4
Dome Mines Ltd. — Ontario gold producer	36	0.70	14⅛	5.0
Dominion and Anglo Investment Corp., Ltd. — Investment holding company	16	14.00	356	3.9
Dominion Bridge Co., Ltd. — Bridges, cranes, and structural steel of all kinds	43	0.70	22	3.2
Dominion Engineering Wks., Ltd. — Wide variety of machines and equipment	14	1.00	23	4.3
Dominion Fabrics, Ltd. — Towels, tapestries, draperies, etc.	29	0.40	b10	4.0
Dominion Foundries & Steel Ltd. — Makes wide variety of primary steel products	19	0.65	30⅛	2.2
Dominion Glass Co., Ltd. — Wide variety of glassware	38	1.625	43	3.8

♦ Quotations represent Dec. 31, 1955 sale prices or the last sale price prior to that date. Bid and ask quotations are as of Dec. 30, 1955.
§ Add current Canadian Exchange Rate.
† Adjusted for stock dividends, splits, distributions, etc.
b Bid.

Continued on page 43

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American Capital's Role in Developing Canada's Economy

where current information concerning developments in their companies is readily available. We have, to the end of 1955, admitted to trading 105 Canadian stock issues, representing 12.6% of all stock issues on the Exchange. The trading in these Canadian stocks on our floor last year amounted to 60 million shares or 26.20% of our entire volume.

American Stock Exchange

Today, the American Stock Exchange is the largest market for Canadian securities outside of Canada. As such, we naturally have not only an abiding interest in this country's economic future, but a justifiable concern that investor confidence in Canadian securities should be maintained at a high level.

Capital Needs

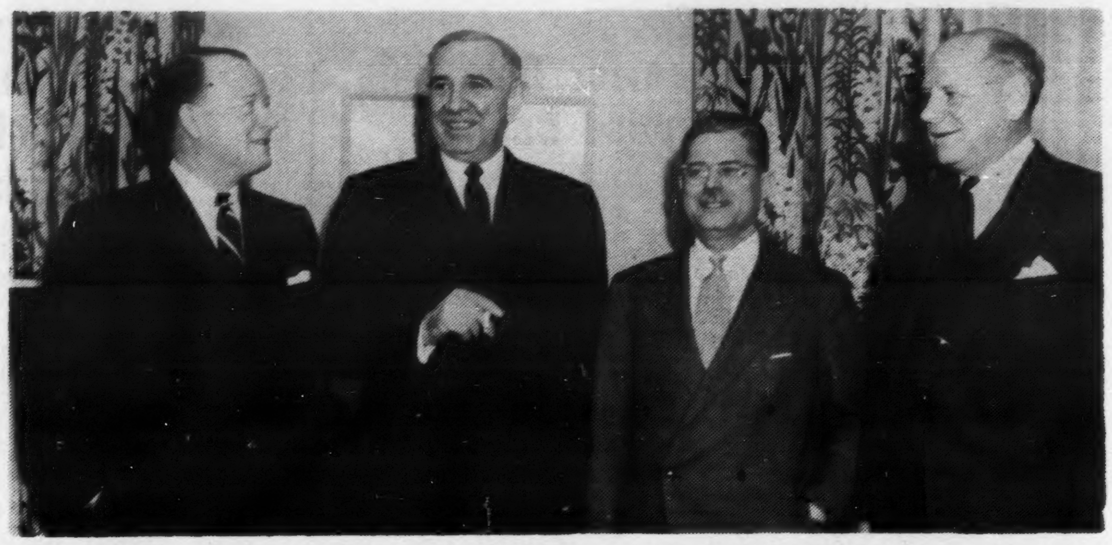
I may add, that this is a concern which should naturally be shared by each member of your association. You, no doubt, fully appreciate that if the orderly economic growth of this nation is to continue, and extended exploration, development and production of natural resources is to proceed apace, a vast and constant flow of venture capital will be needed, and in amounts which will pale into relative insignificance the sum invested and expanded on capital projects during the past postwar period. It is estimated, for example, that at least a half-billion dollars will be spent this year in the four Western Provinces and the Northwest Territories on oil exploration and development alone.

Just try to compute how much money will be needed if the Gross National Product of Canada is to increase to $55 billion 20 years from now — that, incidentally, is more than double the amount indicated for 1955.

To obtain the capital for this promising future growth, it will be necessary for Canadian offerers to develop fresh sources of venture capital, not only in Canada, but in the United States. And, though it may now sound trite, it is nonetheless true, that the hoped for and essential funds will

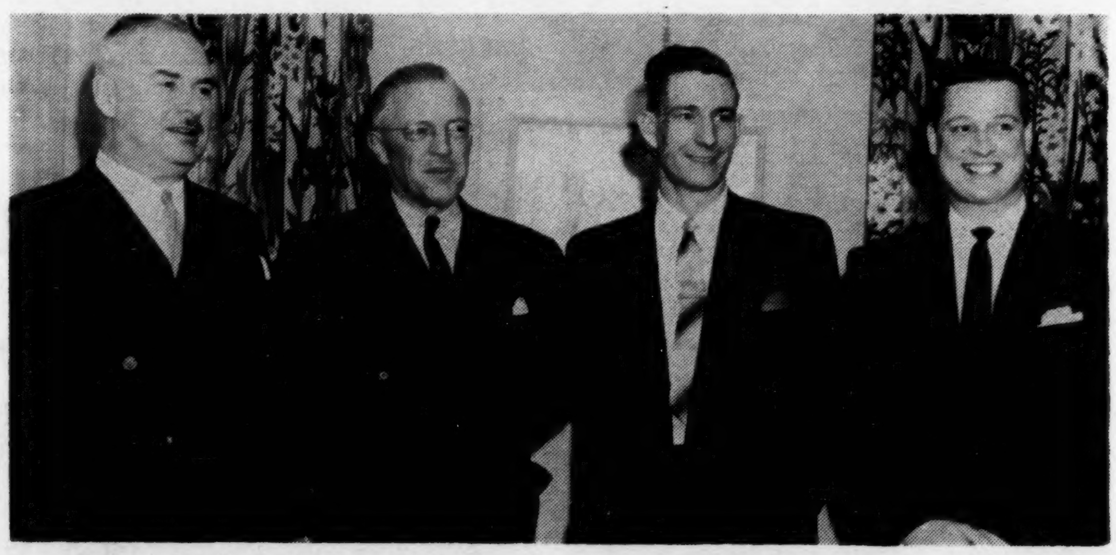
Continued on page 43

Don McLeod, *Royal Securities Corporation, Limited,* Toronto; John Penny, *Royal Securities Corporation, Limited,* Toronto; G. Ollerenshaw, *Wills, Bickle & Co.,* Toronto; George Stewart, *Royal Securities Corporation, Limited,* Toronto



Mickey McBride, *Midland Securities Corpn. Limited,* Toronto; Charles Goodeve, *F. B. Ashplant & Co.,* New York; Bellman Mason, *Anderson & Company, Limited,* Toronto; Paul Flemming, *Flemming & Co.,* Toronto

J. T. Skelly, *Midland Securities Corpn. Limited,* Toronto; Henry Robson, *Eastman, Dillon & Co.,* New York; Lewis Ferraioli, *Eastman, Dillon & Co.,* New York; John Wiley, *Gairdner & Company, Ltd.,* Toronto



R. P. Fairclough, *Fairclough Co., Ltd.,* Toronto; W. C. Lamont, *Lamont and Company, Ltd.,* Toronto; G. W. Sythes, *Fairclough Co., Ltd.,* Toronto; W. Harrison, *Midland Securities Corpn. Limited,* Toronto

Bob Prittie, *Midland Securities Corpn. Limited,* Toronto; M. A. Brown, *Gairdner & Company, Ltd.,* Toronto; Pat Cochrane, *Midland Securities Corpn. Limited,* Toronto; A. J. Brooks, *Midland Securities Corpn. Limited,* Toronto

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Canada: Haven for Blue Chip And Enterprise Capital

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1955 —Canadian $ §—	Quotation Dec. 31, 1955♦	Approx. % Yield Based on Paymts. to Dec. 31, 1955
Dominion Insurance Corp. Operates company for fire insurance etc.	12	7.00	b175	4.0
Dominion Oilcloth and Linoleum Co., Ltd. Wide range of linoleum and oilcloth products	69	2.00	35½	5.6
Dominion Steel & Coal Corp., Ltd. A holding co.—coal, iron & steel interests	10	1.00	17¾	5.6
Dominion Stores Ltd. Operates grocery and meat chain	14	0.90	34¾	2.6
Dominion Tar & Chemical Co., Ltd. Distiller of coal tar & producer of its derivatives	10	0.40	12⅝	3.2
Dominion Textile Co., Ltd. Wide range of cotton yarns and fabrics	44	0.40	8½	4.7
Donohue Brothers Ltd. Owns and operates a paper mill at Clermont, Quebec	10	1.40	32	4.4
Eastern Theatres Ltd. Operates theatre in Toronto	13	3.00	b26	11.5

Listed Companies Which Have Paid Consecutive Dividends From 5 to 10 Years Appear in the Second Table Starting on Page 54

Easy Washing Machine Co., Ltd. Electric washing machines, floor polishers, air circulators, etc.	12	†4.55	18	3.1
Economic Invest't Trust Ltd. General investment trust business	29	1.50	35½	4.2
Electrolux Corp. "Electrolux" vacuum cleaners, & air purifiers	12	*1.25	15¼	8.2
Equitable Life Insurance Co. of Canada Wide line of life and endowment policies	17	0.75	50	1.5
Falconbridge Nickel Mines, Ltd. Nickel, copper, cobalt; subsidiary produces steel castings	23	1.10	31	3.5
Famous Players Canadian Corp., Ltd. Largest operator of motion picture theatres in Canada	21	1.50	21¼	7.1
Fanny Farmer Candy Shops, Inc. Operates large candy chain	28	*1.50	24⅝	6.1

♦ Quotations represent Dec. 31, 1955 sale prices or the last sale price prior to that date. Bid and ask quotations are as of Dec. 30, 1955.
§ Add current Canadian Exchange Rate.
b Bid.
† Adjusted for stock dividends, splits, distributions, etc.
* Dividend paid in U. S. Currency.

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American Capital's Role in Developing Canada's Economy

not be forthcoming unless the buyers still believe.

To gain this end, it will be necessary to sustain the confidence and interest of foreign investors in the securities of Canadian corporations. By and large, the records of your issuers and dealers have been excellent. However, for some time past there has been a fly in the ointment. That is the problem created by the few get-rich-quick flyers foisted from time to time on naive investors by a few high-pressure, fringe-operating security dealers, whose tactics have been exceedingly non-ethical if not downright fraudulent. And I hasten to say that we have our share of these characters below the border. I even understand that some of those in this country are citizens of the United States who migrated north some time ago. These are the individuals whose activities must be ended by public education, appropriate legislation or otherwise, if investor confidence in Canadian investments is to be maintained.

When one considers the numerous fine investment opportunities that have been available in Canada, and the many such prospects that are continuously coming into being, it is deeply regrettable that, through the activities of a minority of dealers, a cloud can be unjustifiably cast upon all Canadian speculative securities. I wish to emphasize that these transactions have an over-all impact far out of proportion to their relative number.

It is both your job and mine to see to it that nothing is done in the coming years to shake the growing confidence that now prevails in Canadian enterprise. I have been on your team for many years. I will continue to try to do my part.

Loeb, Rhoades to Admit

Carl M. Loeb, Rhoades & Co., 42 Wall Street, New York City, members of the New York Stock Exchange, on April 1 will admit John H. Carlson to partnership.

Mitchum, Jones Branch

REDWOOD CITY, Calif.—Mitchum, Jones & Templeton have opened a branch office at 710 Winslow Street under the management of LeGrand A. Gould.

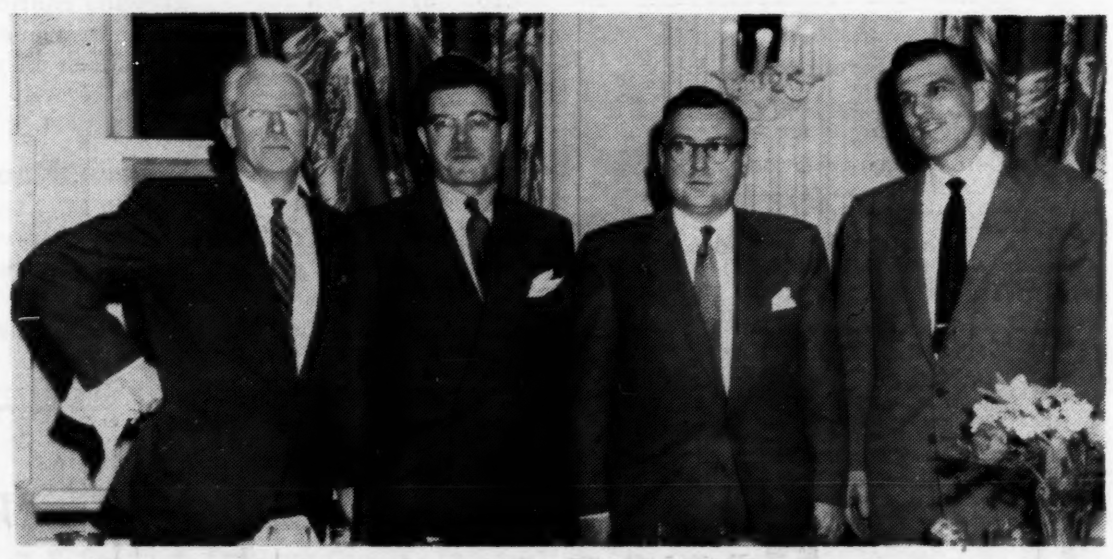
Two With R. F. Campeau

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich. — William B. Burr and James A. George are now associated with R. F. Campeau Company, Penobscot Building.

Bill Reid, *Doherty Roadhouse & Co.*, Toronto; Cec Parsons, *N. L. MacNames & Company, Limited*, Toronto; N. L. MacNames, *N. L. MacNames & Company, Limited*, Toronto; Paul MacNames, *N. L. MacNames & Company, Limited*, Toronto

Peter Gooderham, *Wills, Bickle & Co.*, Toronto; Man Monzon, *Fraser, Dingman & Co.*, Toronto; Stuart Heath, *Walwyn, Fisher & Co.*, Toronto; Tom Rogers, *R. A. Daly & Company Limited*, Toronto



F. D. Osborne, *Imperial Bank of Canada*, Toronto; Hugh A. Benham, *Bank of Canada*, Ottawa; Walter Sullivan, *Equitable Securities Canada, Ltd.*, Toronto; S. A. Spidle, *Collier, Norris & Quinlan, Ltd.*, Toronto

D. M. Sennett, *Harris & Partners, Ltd.*, Toronto; J. J. Helbronner, *Harris & Partners, Ltd.*, Toronto; C. E. Medland, *Wood, Gundy & Company, Ltd.*, Toronto; D. L. Erwood, *Harris & Partners, Ltd.*, Toronto

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Canada: Haven for Blue Chip And Enterprise Capital

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1955 —Canadian $ §	Quotation Dec. 31, 1955♦ —Canadian $ §	Approx. % Yield Based on Paymts. to Dec. 31, 1955
Federal Fire Insurance Co. of Canada Sells fire, rain insurance etc.	13	2.00	b52	3.9
Ford Motor Co. of Canada, Ltd. "B" Automotive manufacturer	23	5.00	b135½	3.7
Foundation Co. of Canada Ltd. Engineers and general contractors	16	0.775	26	3.0
Fraser Companies, Ltd. Wide variety paper and lumber products Synthetic yarns and fabrics	12	1.20	32	3.8
A. J. Freiman, Ltd. Owns & operates largest department store in Ottawa	10	1.00	‡	--
Gatineau Power Co. Hydro-electric energy in Eastern Canada	18	1.20	29¼	4.1
General Steel Wares Ltd. Household utensils; hotel, restaurant, and hospital equipment; refrigerators, etc.	15	0.40	10½	3.8
Goodyear Tire & Rubber Co. of Canada, Ltd. Natural and synthetic rubber products	29	4.00	150	2.7
Gordon Mackay Stores Ltd. "B" Manages subsidiaries which distribute textile products and allied goods	31	0.50	8	6.3
Grand & Toy Ltd. Manufactures commercial & general stationery & business forms and distributes office supplies and furniture throughout Ontario	12	1.20	b35	3.4
Great-West Life Assur. Co. Wide range of life, accident and health policies	56	3.00	a303	1.0
Greening (B.) Wire Co., Ltd. Wide variety of wire products	18	0.25	4.60	5.4
Guaranty Trust Co. of Can. General fiduciary business	27	0.60	20	3.0
Hallnor Mines, Ltd. Ontario gold producer	17	0.20	3.25	6.2
Hamilton Cotton Co., Ltd. Wide variety of textile products	14	0.675	15½	4.4
Harding Carpets Ltd. Specializes in seamless "Axminster" and "Wilton" rugs	20	0.60	8¼	7.3
Hayes Steel Products Ltd. Wide variety of automotive parts	13	1.50	34	4.4
Hinde and Dauch Paper Co. of Canada Ltd. Wide variety of paperboards, boxes, etc.	22	1.80	59¼	3.0
Hollinger Consolidated Gold Mines, Ltd. Ontario gold producer	40	0.24	23⅞	1.0
Hudson Bay Mining & Smelting Co. Ltd. Manitoba copper & zinc products	21	5.00	66	7.6

♦ Quotations represent Dec. 31, 1955 sale prices or the last sale price prior to that date. Bid and ask quotations are as of Dec. 30, 1955.
§ Add current Canadian Exchange Rate.
‡ Inactive issue, no Exchange trading.
b Bid.
a Asked.

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Nuclear Energy as Future Power Source for Canada

provide electricity, the United States are equally interested in the commercial production of power at costs competitive with coal-burning furnaces. Even though the United States still have a plentiful supply of fossil fuels, they realize the importance of producing electricity from nuclear fuel and large sums of money are being spent by government and also by private industry in the development of such sources of energy. Within five years, at least five or more different prototypes of reactors, ones using fuel in different forms and coolants of various kinds, will be in operation developing appreciable quantities of electricity. These are government sponsored reactors. The large utilities are also desiguing plants of larger size. By 1960 more than 600,000 kilowatts of electricity will be produced from nuclear reactors in the United States, the cost of which will be about $200,000,000. By 1980, it is estimated that nuclear power will provide from 50 to 100 million kilowatts in the United States.

Canadian Research

While the United Kingdom is thus engaged, of necessity, on construction of nuclear plants to supply her electrical needs, and the United States, France, and other countries are investigating the possibilities of producing power at prices or costs which might approach competitive rates with fossil fuels generated sources, the staff of the Chalk River Project are performing fundamental investigations of special importance to the solution of some of the most serious problems still facing the practical engineer. Our scientists and engineers are familiar with the present and future plans of our American and British colleagues. Owing to the special experimental facilities available in our NRX reactor, we are able to make many tests of fuel elements, heat measurements, types of cladding and corrosion under high flux neutron bombardment, more rapidly than can be made elsewhere. These so-called "power loop experiments" have been most useful in the design of power reactors. The demand for space in our NRX reactor for such investigations is so great that special shielded rooms were constructed to hold the equipment.

Since fuel elements may be of many kinds — natural uranium metal, slurries, solutions of salts of uranium, enriched uranium, thorium or any of the new fissionable elements—there is a wide variety of materials requiring extensive investigation. Much information must be gained about the preparation of the fuel elements so as to enable them to have a long burn-up without any great change in shape. This is essentially a metallurgical problem involving experiments on thermal conductivity, atomic arrangements and changes in many physical properties such as density, mechanical strength, coefficients of expansion under the action of high density neutron bombardment.

Better Uranium Fuel

To be competitive with coal, oil or natural gas as a fuel, it is necessary to have a long burn-up of the uranium fuel. Ordinary metallic uranium as it occurs in nature consists of atoms having

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Jim Douglas, *Playfair & Company*, Toronto; John S. Gairdner, *Gairdner & Company, Ltd.*, Toronto; H. V. Shaw, *Gairdner & Company, Ltd.*, Toronto; L. M. Watt, *Gairdner & Company, Ltd.*, Toronto

Bruce MacFarland, *Wood, Gundy & Company, Ltd.*, Toronto; Jack Ridley, *A. E. Ames & Co., Ltd.*, Toronto; Paul Flemming, *Flemming & Co.*, Toronto; John Clarke, *Royal Securities Corporation, Limited*, Toronto; Jim McLaughlin, *Wood, Gundy & Company, Ltd.*, Montreal; Bob Telfer, *Collier, Norris & Quinlan*, Montreal

Herb MacFarland, *Nesbitt, Thomson & Company, Limited*, Toronto; Howard Wilson, *Dominion Securities Corpn. Ltd.*, Toronto; Donald Gamble, *Burns Bros. & Denton, Ltd.*, Toronto; Latham Burns, *Burns Bros. & Denton, Ltd.*, Toronto

John Hughes, *J. L. Graham & Company, Limited*, Toronto; Don Wilson, *R. A. Daly & Company, Limited*, Toronto; Jim Dunkley, *W. C. Pitfield & Co., Ltd.*, Toronto; Lloyd Gower, *Midland Securities Corpn. Limited*, Toronto

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Canada: Haven for Blue Chip And Enterprise Capital

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1955 —Canadian $ §	Quotation Dec. 31, 1955♦ —Canadian $ §	Approx. % Yield Based on Paymts. to Dec. 31, 1955
Huron & Erie Mortgage Corp. Lends money on first mortgage security and operates deposit and debenture accounts	91	†1.70	39	4.4
Imperial Bank of Canada Operates 234 branches throughout Canada	80	1.60	53	3.0
Imperial Flo - Glaze Paints Ltd. Varnishes, lacquers, enamels, paints, etc.	15	1.20	25	4.8
Imperial Life Assurance Co. of Canada Comprehensive range of life, endowment and term policies	54	1.50	81	1.9
Imperial Oil Ltd. With subsidiaries comprises full integrated oil enterprise	56	0.95	39⅛	2.4
Imperial Tobacco Co. of Canada, Ltd. "Ord." Tobacco, cigars and cigarettes	44	0.50	11⅜	4.4
Inter-City Baking Co., Ltd. Operates bakeries in Toronto, Ottawa, and Mcntreal	17	1.05	17	6.1

Listed Companies Which Have Paid Consecutive Dividends From 5 to 10 Years Appear in the Second Table Starting on Page 54

International Nickel Co. of Canada, Ltd. Holding and operating co.—Primary operations at mines and smelters near Sudbury, Ontario	22	*3.75	82	4.6
International Paper Co. Holding and operating co.—Operates pulp and paper mills in Canada and the U. S.	10	*†2.88	114½	2.5
International Petroleum Co. Ltd. South American oil producer and refiner	38	*1.20	29⅞	4.0
International Utilities Corp. Management and development of natural gas and electrical companies in Alberta	12	1.60	39	4.1
Investment Foundation Ltd. Management type investment trust	12	1.55	40	3.9
Journal Publishing Co. of Ottawa, Ltd. Publishes "The Ottawa Journal"	39	1.00	18	5.6
Kelvinator of Canada, Ltd. Complete line of home appliances, parts and repairs	12	1.125	15½	7.3
Kerr-Addison Gold Mines Ltd. Ontario gold producer	16	0.80	17¼	4.6
John Labatt Ltd. General brewing business	11	1.00	23¾	4.2
Lake Shore Mines, Ltd. Ontario gold producer	38	0.10	4.50	2.2

♦ Quotations represent Dec. 31, 1955 sale prices or the last sale price prior to that date. Bid and ask quotations are as of Dec. 30, 1955.
§ Add current Canadian Exchange Rate.
* Dividend paid in U. S. Currency.
† Adjusted for stock dividends, splits, distributions, etc.

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Nuclear Energy as Power Source For Canada

atomic weights of 235 and 238. 0.7% of the atoms having mass 235 is the fraction which is fissionable, that is, from which we know how to extract energy by a chain reaction in a reactor. The remaining 99.3% of the uranium, consisting of atoms of mass 238, can be transformed in a new nuclear fuel, the element plutonium. This plutonium is produced as a result of the uranium 238 atom absorbing a neutron, forming first a new unstable isotope of uranium of mass 239, which soon decays to a new element called neptunium and this element in turn soon changes into the long-lived new element plutonium, which is fissionable. Hence, when natural uranium metal is used as fuel, the 235 is burned up, some plutonium is also formed and some of it is burned also. If we could have long burn-up of the uranium without removal owing to the physical behavior of the fuel, the accumulation of the fission products which both capture neutrons, reducing the number available for the chain reaction, and increase the number of atoms in a given volume, the extra energy obtained from a pound of fuel without reprocessing would reduce the cost per kilowatt hour considerably. This is one main objective of our investigations at Chalk River.

The total electrical energy generated in Canada last year was 76,297 million kilowatt hours, an increase of 10% above that produced in 1954. This energy could be obtained from 13 tons of uranium 235, assuming a thermal efficiency of 25% for conversion of the heat to electricity. This would mean that we could obtain this energy from less than 1,800 tons of uranium metal while it would require about 3.5 million tons of coal to produce the same energy. With the present rate of increase in demand for power in Canada, it is evident that by 1980 we shall need more than 49 million kilowatt hours of electrical energy to maintain our present standard of living. This cannot be supplied by our rivers, so fossil fuels augmented by nuclear fuels must supply a large fraction of this increase. Actually, more than one-third of the power developed in 1980 will be from nuclear reactors, according to present expectations. Palmer Putnam, in his survey of fuels, has estimated that all our economically produced coal, oil and natural gas will be consumed within a hun-

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Hal Murphy, *Commercial & Financial Chronicle*, New York; Murray Toombs, *Gairdner & Company, Ltd.*, Toronto

John Ledoux, *James Richardson & Sons*, Montreal; Harry Gassard, *Investment Dealers Association of Canada*, Toronto; James M. Stewart, *A. E. Ames & Co., Limited*, Toronto

T. B. Wilson, *A. F. Francis & Company, Limited*, Toronto; Harold Stanley, *Royal Securities Corporation, Limited*, Toronto; Jim Annett, *Gairdner, Annett, Ltd.*, Toronto; Ted Avison, *Canadian Bank of Commerce*, Toronto; Reg Clute, *Canadian Bank of Commerce*, Toronto

John Dennison-Pender, *Dominion Securities Corpn. Limited*, Toronto; T. Peter Jaffray, *Dominion Securities Corpn. Limited*, Toronto; Desmond Magee, *Dominion Securities Corpn. Limited*, Toronto; Walter Saunders, *Dominion Securities Corporation*, New York

Bob Learn, *Nesbitt, Thomson and Company, Limited*, Toronto; Keith Pilley, *Mills Spence & Co., Ltd.*, Toronto; *Jack Pequegnat, Cochran, Murray & Co., Ltd.*, Toronto; Bud Cooper, *Mills Spence & Co., Ltd.*, Toronto; John Mills, *Mills Spence & Co., Ltd.*, Toronto

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Canada: Haven for Blue Chip And Enterprise Capital

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1955	Quotation Dec. 31, 1955◆	Approx. % Yield Based on Paymts. to Dec. 31, 1955
		—Canadian $ §—		
Lamaque Gold Mines Ltd. — Quebec gold producer	17	0.24	3.40	7.1
Laura Secord Candy Shops, Ltd. — Retail candy chain in Ontario & Quebec	29	1.00	19¾	5.1
Leitch Gold Mines Ltd. — Ontario gold producer	18	0.06	0.715	8.4
Lewis Bros., Ltd. — Wholesale hardware trade in Eastern Canada	10	0.60	b8½	7.1
Loblaw Groceterias Co., Ltd. "B" — Operates chain of "self-serve" grocery stores in Ontario	33	1.50	99¼	1.5
Loblaw Inc. — Operates 133 "self-serve" food markets in northern New York, Pennsylvania and Ohio	17	*1.50	90½	1.7
Walter M. Lowney Co., Ltd. — Chocolate and other confection products	20	1.00	26	3.8
Lucky Lager Breweries (1954) Ltd. — Name changed from Coast Breweries Ltd. on Dec. 15, 1954. A holding company for four British Columbia companies	27	0.27	5	5.4
Maclaren Power & Paper Co. — Holding company—newsprint, lumbering and power interests	14	3.00	b94	3.2
MacMillan & Bloedel Ltd. "B" — Fully integrated lumber business; large exporter	15	1.00	42⅜	2.4
Madsen Red Lake Gold Mines Ltd. — Ontario gold producer	16	0.20	2.40	8.3
Maple Leaf Gardens, Ltd. — Owns and operates Toronto sports arena of same name	10	1.30	b20	6.5
Maple Leaf Milling Co., Ltd. — Grain handling; flour milling; operation of bakeries, etc.	10	0.50	9½	5.3
Marcus Loew's Theatres, Ltd. — Owns two Toronto motion picture theatres	11	5.00	b120	4.2
Massey-Harris Co., Ltd. — Complete line of farm implements and machinery	10	0.60	9½	6.3
McColl-Frontenac Oil Co. Ltd. — Oil production, refining and distribution	12	1.20	43½	2.8
McIntyre Porcupine Mines, Ltd. — Ontario gold producer	39	3.00	82¼	3.6
Mitchell (J. S.) & Co., Ltd. — General supply house for many industries in Eastern Quebec	21	1.25	b30	4.2
Midland & Pacific Grain Corp., Ltd. — Deals in grain and operates line elevators in Western Canada	10	1.00	b20	5.0
Molson's Brewery, Ltd. "B" — Montreal brewer	11	1.30	27½	4.7
Montreal Locomotive Works, Ltd. — Diesel-electric locomotives and related production	10	†10.00	18	5.6
Montreal Refrigerating & Storage Ltd. — Operates general and cold storage warehouse in Montreal	10	2.00	‡	‡
Moore Corp. Ltd. — Business forms, advertising display products, etc.	22	*1.40	41	3.4
National Drug and Chemical Co. of Canada, Ltd. — Wholesaler of drugs, chemical and general merchandise	15	0.70	12	5.8
National Grocers Co., Ltd. — Ontario grocery wholesaler	14	0.60	22	2.7
National Steel Car Corp., Ltd. — Railway cars, automobile chassis, etc.	19	2.00	30	6.7
National Trust Co., Ltd. — General trust business, also accepts deposits	57	1.40	40¾	3.4
Neon Products of Western Canada Ltd. — Neon advertising signs	26	1.10	b50	2.2
Niagara Wire Weaving Co., Ltd. — Makes wire mesh, cloth, wire weaving machinery, etc.	22	2.50	43	5.8

◆ Quotations represent Dec. 31, 1955 sale prices or the last sale price prior to that date. Bid and ask quotations are as of Dec. 30, 1955.
§ Add current Canadian Exchange Rate.
b Bid.
* Dividend paid in U. S. Currency.
† Adjusted for stock dividends, splits, distributions, etc.
‡ Inactive issue, no Exchange trading.

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Nuclear Energy as Power Source For Canada

dred years, but the supply of nuclear fuel is perhaps 15 times as great as that of fossil fuels.

With this prospect for the need of nuclear fuel to supply energy, it is necessary that Canada continue to retain its position in the nuclear science field. The new NRU reactor will provide such facilities for researches and tests which are not available in any other know reactor. At the same time it is an efficient producer of plutonium. The N. P. D. reactor, which is being designed by the Canadian General Electric Company in cooperation with the staff at Chalk River, and being built by the Atomic Energy of Canada Limited and the Hydro Electric Power Commission of Ontario, will afford our engineers and scientists opportunities to make various tests on actual production costs, power reliability, burn-up of uranium fuel and other aspects of a practical nature. Since uranium is available in Canada but no diffusion plant or other means of separating the fissionable isotope 235 from that weighing 238 exists in the country, it is obvious that emphasis is being placed on the design of a reactor using natural uranium metal. This places restrictions on what construction materials may be used for sheathing, calandria and other parts, since neutron economy is necessary. However, this type of reactor that will involve many new features of control and operation may prove to be more efficient than those being built elsewhere using enrichment and special gas and liquid metal coolants.

In viewing the future use of nuclear energy, many types of reactors are being designed and many already constructed in prototype form. The most significant fact that has arisen is the confirmation of the "breeder" type. This is important for it means that all fissile, as distinct from fissionable, material can become available for power purposes. Plutonium can be made from uranium 238 and the nuclear fuel, uranium 233, from thorium in a reactor. In a breeder type we

Continued on page 51

Ted Mayhew, *Harris & Partners, Ltd.*, Toronto; Eric Scott, *J. H. Crang & Co.*, Toronto; Peter Crysdale, *Anderson & Company, Limited*, Toronto; John Proctor, *Imperial Bank of Canada, Toronto*

Bob Robinson, *Merrill Lynch, Pierce, Fenner & Beane*, Toronto; John J. Quinn, *Thomson & McKinnon*, Toronto; Gordon Crotty, *Merrill Lynch, Pierce, Fenner & Beane*, Toronto; E. R. Pope, *Ross, Knowles & Co., Ltd.*, Toronto

Ed MacKell, *Bank of Montreal*, Montreal; C. R. Wisener, *Wisener and Company, Limited*, Toronto; T. W. Barber, *Doherty Roadhouse & Co.*, Toronto; C. T. Low, *Doherty Roadhouse & Co.*, Toronto

Jack Van Duzer, *Mills, Spence & Co., Limited*, Toronto; Guy Major, *Major & Company*, Montreal; Dutch Fisher, *Walwyn, Fisher & Co.*, Toronto; Ed Mulqueen, *Mills, Spence & Co. Inc.*, New York

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Canada: Haven for Blue Chip And Enterprise Capital

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1955	Quotation Dec. 31, 1955♦	Approx. % Yield Based on Paymts. to Dec. 31, 1955
		—Canadian $ §—		
Noranda Mines, Ltd. — Copper and gold producer	26	†2.00	56¼	3.6
Normetal Mining Corp., Ltd. — Quebec copper and zinc producer	10	0.68	7.50	9.1
O'Brien Gold Mines, Ltd. — Quebec gold producer	17	0.02	0.67	3.0
Ogilvie Flour Mills Co., Ltd. — Mills flour, feeds, and cereals	53	1.50	51½	2.9
Ontario Loan and Debenture Co. — Accepts deposits and sells debentures; invests in first mortgages	85	1.10	27½	4.0
Ontario Steel Products Co., Ltd. — Automotive springs, bumpers and plastic products	18	1.40	30¾	4.6
Page-Hersey Tubes, Ltd. — Industrial pipe and tubing	30	3.00	80	3.8
Paton Mfg. Co., Ltd. — Woolens and worsted fabrics	17	0.80	b9½	8.4
Penmans Ltd. — Woolen, cotton and silk knitted goods	49	[illegible].00	64	4.7

Listed Companies Which Have Paid Consecutive Dividends From 5 to 10 Years Appear in the Second Table Starting on Page 54

Photo Engravers & Electrotypers Ltd. — Photo engravings, electrotypes, commercial photography, etc.	22	2.00	40	5.0
Pickle Crow Gold Mines Ltd. — Ontario gold producer	20	0.10	1.40	7.1
Placer Development, Ltd. — Investment—holding company—gold interests	23	3.00	36½	8.2
Powell River Co., Ltd. — Largest producer of newsprint on the West Coast	18	1.80	56¾	3.2
Power Corp. of Canada, Ltd. — A utility holding management and engineering company	19	2.00	57	3.5
Premier Trust Co. — Operates as trust company, trustee, etc.	11	4.00	80	5.0
Preston E. Dome Mines Ltd. — Ontario gold producer	16	0.08	7.55	1.1
Price Brothers & Co., Ltd. — Newsprint and related products	12	2.00	53¾	3.7
Provincial Transport Co. — Operates coach lines in Quebec and Ontario	19	0.80	12½	6.4
Quebec Power Co. — Operating public utility	41	1.20	28	4.3
Robertson (P. L.) Manufacturing Co., Ltd. — Wide range of screws and bolts	14	0.40	14	2.9
ROYAL BANK OF CANADA — Operates 793 branches throughout the world ● See Bank's advertisement on page 39.	87	1.775	58¼	3.0

♦ Quotations represent Dec. 31, 1955 sale prices or the last sale price prior to that date. Bid and ask quotations are as of Dec. 30, 1955.
§ Add current Canadian Exchange Rate.
b Bid.
† Adjusted for stock dividends, splits, distributions, etc.

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Nuclear Energy as Power Source For Canada

produce more plutonium or uranium 233 than the uranium 235 or other fuel which is consumed. Thus, at each fission of a 235 nucleus there is emitted on the average 2.5 neutrons, so in ten fissions 25 neutrons are released. It requires ten of these to maintain the chain reaction at the same power level. Ten more may be captured by uranium 238 or thorium 232 nuclei, producing the same amount of a new nuclear fuel to that consumed. There still remain 5 neutrons. Some will be absorbed by the construction materials, some by the fission products, others lost, but it is possible that one of the five may yet be used to form an additional atom of either uranium 233 or plutonium. In this case, we should have eleven atoms of a new nuclear fuel for every 10 burned up. A reactor designed for such breeding purposes has been successful in operation and the British one at Dounreay is of this breeder type. It is as if you ran your motor car for 20 miles on a gallon of Imperial Oil gasoline and at the end of the 20 miles found you had 1.1 gallons of British American gasoline. However, you are not receiving something for nothing—you are merely using the non-fissionable uranium 238 or thorium 232 to form new nuclear fuels. Much information is still required on the action of such breeders but we can expect these types to be largely in operation by the end of the century.

Other Possible Fuels

There are still other possibilities, namely, the fusion of the lighter elements such as the production of helium from hydrogen. This is how our sun and starts produce their energy. But it requires millions of degrees temperature and vast spaces, in which the four hydrogen nuclei combine by a series of nuclear reactions to form a single helium nucleus. However, when our knowledge of nuclear forces and structure becomes greater, it may be possible to bring such synthesis about at a regulated slow rate, so as to produce useful heat from such source. This may require 20, 50, or 100 years of research to accomplish but past experience indicates that when physicists' theories are confirmed by experiment, such as the hydrogen bomb in the present case, some way of controlling that reaction for the benefit of humanity will be found. Then all our material difficulties will be at an end—all the power the world needs will be at hand. Other difficulties may arise — population and food—but with the present knowledge gained fundamentally in our university laboratories for the most part, we can be assured of sufficient supplies for the next five or more generations at least. With the use of nuclear fuel augmenting our fossil fuels, we can be assured too that our great grandchildren will still be able to see and use as a matter of interest at least coal, oil and gas we are burning up at such a great rate today.

Population growth in the world requires power. Standards of living depend upon power available per person. There are at least 5,000 more people in the world since noon today, and the need for power is great. Fortunately, nuclear fission has been discovered in time to meet this demand and Canadian scientists and engineers are not only providing the data for our own use but assisting all humanity in the peaceful development of nuclear energy.

Form Evans & Co.

On March 22, Evans & Co., Inc., members of the New York Stock Exchange, will be formed with offices at 300 Park Avenue, New York City. Officers will be T. M. Evans, member of the Exchange, President; A. B. Diss, Vice-President; J. Mark Shoffner, Secretary, and M. Kronfeld, Treasurer.

Edward Mathews Adds

(Special to The Financial Chronicle)

BOSTON, Mass.—Paul Tavilla is now with Edward E. Mathews Co., 53 State Street. He was formerly with B. C. Morton & Co.

Moore, Leonard Admits

PITTSBURGH, Pa. — Moore, Leonard & Lynch, Union Trust Building, members of the New York and Pittsburgh Stock Exchanges, will admit Ralph E. Jamison, Jr., of Greensburg, to general partnership, and Thomas S. Jamison, Jr. to limited partnership on April 1.

To Be Exchange Members

On March 22 the New York Stock Exchange will consider the transfer of the Exchange membership of Norman H. Donald to William F. Cullen; of the late Wm. Wymond Cabell to Mason New; and the late Heatly C. Dulles to Bertram M. Wilde.

Rudd & Co. to Form

WASHINGTON, D. C.—Rudd & Co., members of the New York Stock Exchange, will be formed as of April 1 with offices at 734 Fifteenth Street, N. W., and at 120 Broadway, New York City. Partners will be Irving G. Rudd, Lee R. Rossbach, member of the Exchange, general partners, and Robert L. Weintraub, limited partner. Mr. Rudd will retire from partnership in Rudd, Kristeller & Co. on March 31.

With Keller & Co

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Nicholas J. Poulakis is now with Keller & Co., 53 State Street.

With Paine, Webber

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Lawrence C. Bassett is now with Paine, Webber, Jackson & Curtis, 24 Federal Street.

R. W. Pressprich Adds

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Rodney P. Kent has joined the staff of R. W. Pressprich & Co., 75 Federal St.

Joins Federated Plans

(Special to THE FINANCIAL CHRONICLE)

WORCESTER, Mass.—Frank C. Boyle has become affiliated with Federated Plans, Inc., 21 Elm St.

With B. C. Morton

DETROIT, Mich.—Robert M. Denner is with B. C. Morton & Co., Penobscot Building.

La Grange to Admit Three

On April 1 Norman De Planque and Knox B. Phagan, Jr. will become general partners and Eileen M. La Grange will become a limited partner in La Grange & Co., 61 Broadway, New York City, members of the New York Stock Exchange.

Charles Leonard

Charles Reginald Leonard, partner in Moore, Leonard & Lynch, passed away March 9 at the age of 70.

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Canada: Haven for Blue Chip And Enterprise Capital

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1955 —Canadian $ §—	Quotation Dec. 31, 1955♦	Approx. % Yield Based on Paymts. to Dec. 31, 1955
Royalite Oil Co., Ltd. Oil production and development	27	0.26	13⅝	1.9
Russell Industries Ltd. Holding company—machine tool interests	20	0.80	13⅞	5.8
San Antonio Gold Mines Ltd. Manitoba gold producer	22	0.06	1.29	4.7
Sangamo Co., Ltd. Electric meters, motors, switches, etc.	19	0.375	12	3.1
Sarnia Bridge Co., Ltd. Steel bridges and related production	13	0.80	b14⅞	5.4
Scythes & Co. Ltd. Manufactures cotton and wool waste, cotton, wipers, etc.	20	1.00	16	6.3
Shawinigan Water and Power Co. Quebec electric utility	49	1.45	68¼	2.1
Sherwin-Williams Co. of Canada, Ltd. Paints, varnishes, enamels, etc.	14	2.05	45	4.6
Sicks' Breweries Ltd. Beer, ale, stout and carbonated beverages	28	1.40	26½	5.3
Sigma Mines (Quebec) Ltd. Quebec gold producer	16	0.40	5.20	7.7
Silverwood Dairies, Ltd. "B" Full line of dairy products	18	0.60	13¼	4.5
Slater (N.) Co., Ltd. Pole-line hardware for power companies; also metal stampings and forgings	18	0.60	14¾	4.1
Smith (Howard) Paper Mills Ltd. Pulp and paper manufactures in Canada	11	1.20	41	2.9
Southam Co., Ltd. Publishes seven daily newspapers across Canada; operates three radio stations	20	1.75	46½	3.8
Southern Canada Power Co., Ltd. Operating public utility; Southern Quebec	33	2.00	51	3.9
Sovereign Life Assurance Co. of Canada Life and endowment insurance	37	1.75	b90	1.9
Stedman Brothers Ltd. Wholesale and retail small wares business	21	1.00	24	4.2
Steel Co. of Canada, Ltd. Engaged in all branches of steel production	40	1.50	58¼	2.6

♦ Quotations represent Dec. 31, 1955 sale prices or the last sale price prior to that date. Bid and ask quotations are as of Dec. 30, 1955.
§ Add current Canadian Exchange Rate.
b Bid.

Canada: Haven for Blue Chip And Enterprise Capital

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1955 —Canadian $ §—	Quotation Dec. 31, 1955♦	Approx. % Yield Based on Paymts. to Dec. 31, 1955
Sterling Trusts Corp. — General fiduciary business	19	1.75	47½	3.7
Stuart (D. A.) Oil Co., Ltd. — Makes extreme friction lubricants and related products	16	1.00	13⅞	7.2
Supertest Petroleum Corp., Ltd. "Vot. Com." — Markets petroleum products in Ontario and Quebec	30	0.80	35	2.3
Sylvanite Gold Mines, Ltd. — Ontario gold producer	26	0.08	1.26	6.3
Tamblyn (G.) Ltd. — Operates chain of 103 drug stores	19	1.80	41½	4.3
Teck-Hughes Gold Mines, Ltd. — Ontario gold producer	30	0.15	2.49	6.0
Third Canadian General Investment Trust Ltd. — Investment trust of the management type	27	0.26	7⅜	3.5
Thrift Stores Ltd. — Operates chain of 73 grocery stores	10	1.20	b39	3.1
Tip Top Tailors, Ltd. — Manufacturer of fine clothing	21	0.45	b12	3.8
Toronto-Dominion Bank — Operates 450 branches, 448 in Canada, one in New York and one in London, Eng.	98	†1.825	46	4.0
Toronto Elevators, Ltd. — Grain elevators, feed manufacturing and vegetable oils	17	0.80	16¾	4.8
Toronto Iron Works, Ltd. — Steel plate products and special metals	10	1.00	25	4.0
Toronto General Trusts Corp. — General fiduciary business	72	1.40	36⅛	3.9
Toronto Mortgage Co. — Lends on first mortgages; issues debentures and accepts deposits	56	5.00	117	4.3
United Amusement Corp., Ltd. "A" — Operates 34 motion picture theatres in Montreal and other Quebec cities	31	0.50	b7½	6.7
United Canadian Shares Ltd. — Holding co. — insurance interests	31	0.65	b19½	3.3
United Corporations Ltd. "B" — An investment trust of the management type	15	0.70	22	3.2
United Steel Corp., Ltd. — Steel plate and welded steel products	10	1.00	14¾	6.8
Upper Canada Mines Ltd. — Ontario gold producer	16	0.05	0.98	5.1
Wabasso Cotton Co., Ltd. — Cotton yarns and goods	20	0.55	b14	3.9
Waite Amulet Mines, Ltd. — Quebec copper-zinc producer	16	1.40	15	9.3
Walker (Hiram-Gooderham & Worts, Ltd. — Holding company—extensive liquor interests	20	4.00	70½	5.7
Westeel Products Ltd. — Manufactures sheet metal	15	1.20	20	6.0
Western Canada Breweries, Ltd. — Serves four western provinces	19	1.00	30	3.3

♦ Quotations represent Dec. 31, 1955 sale prices or the last sale price prior to that date. Bid and ask quotations are as of Dec. 30, 1955.
§ Add current Canadian Exchange Rate.
† Adjusted for stock dividends, splits, distributions, etc.
b Bid.

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Lithium Deposits In Cat Lake-Winnipeg River Area

give an adequate impression of the nature of the lithium occurrences.

Violamac Mines Limited (Option)

The Spot group, and adjacent claims, under option to Violamac Mines, Limited, contains, the largest indicated reserves of spodumene in southern Manitoba. The property was originally staked in 1928 but allowed to lapse in 1932, and apparently forgotten.

It was restaked in 1943 by a local prospector, John Donner. Some surface sampling was done in 1947. In the spring of 1955, the property was optioned to Violamac Mines, Limited, who immediately undertook an intensive diamond drilling program on the main of south dyke. While this was going on Mr. Donner discovered a second large dyke, north of the original discovery. Drilling then proceeded on this second dyke.

The main or south dyke is exposed as a series of hummocky outcrops in andesite and gabbro adjacent to granite for a length of about 1,800 feet. Diamond drilling has extended this another 1,400 feet southwest under a swamp. The pegmatite strikes northeast and dips 65 to 75 degrees northwest at the surface, appearing to flatten somewhat at depth. The most outstanding feature of this dyke is its uniform width and grade both along strike and down dip.

In detail the pegmatite actually consists of three parallel overlapping dykes averaging about 12 feet in width with a range of 10 to 15 feet.

The pegmatite is a grey medium-grained rock consisting of quartz, albite, pale yellow-green mica, and biotite, and containing small laths and blades of white to greyish white spodumene uniformly distributed throughout. Most of the spodumene crystals are one-half inch or less long; some are very small.

Ten thousand feet of diamond drilling done on this dyke indicate close to 2,500,000 tons to a depth of 1,000 feet. Average grade is 1.3% Li_2O.

The north dyke outcrops about a mile northwest of the south one. Low mounds of white pegmatite outcrops along a draw between exposures of andesite. The deposit can be traced on surface for about 750 feet. The pegmatite consists of two overlapping segments striking northeast and dipping vertically to steeply southeast.

Spodumene occurs in quartz-spodumene intergrowths which have the form of short bands or ellipsoidal patches a few inches long. Generally the spodumene laths are one-half inch to one inch long. The quartz-spodumene aggregates weather to a buff color and stand out visibly against the white or gray pegmatite.

This dyke was drilled for a length of 1,150 feet and to a 400-foot depth. A million and a half tons grading 1.25% Li_2O are indicated to a depth of 450 feet. Average width is about 15 feet. The deposit is open long itudinally and vertically.

Together, the north and south dykes have a total indicated four million tons averaging 1.28% Li_2O to depths of 450 and 1,000 feet respectively. The possibility of increasing this figure is considered excellent, especially in view of the remarkable uniformity in grade and widths along strike and down dip to the depths already drilled.

Besides these two deposits there are several others on the property which have not been investigated sufficiently for adequate appraisal.

Irgon Claim—Lithium Corp. of Canada

The Irgon dyke, north of Cat Lake, varies from 10 to 60 feet wide and can be traced on surface for 1,200 feet. The average width is about 24 feet. The dyke lies in andesite immediately south of

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Lithium Deposits In Cat Lake-Winnipeg River Area

a large batholith of grey granite. It dips almost vertically.

Spodumene occurs as bands and long lenses of light grey quartz-spodumene aggregate lying parallel to the walls of the dyke. The remainder of the dyke consists of white or grey pegmatite composed of albite, microcline, quartz and muscovite with accessory garnet apatite. Randomly-oriented and parallel plates of spodumene, usually less than ¼ inch and rarely 1 inch long make up about one-half of the quartz-spodumene aggregate, which in turn constitutes 20 to 50% of the entire rock.

This dyke, drilled in 1954 by Lithium Corporation of Canada, is estimated to contain one million tons of material grading 1.44% Li_2O to a depth of 700 feet. At present a shaft is being sunk on this dyke.

Eagle Claims—Lithium Corporation of America

A series of vertical dykes are exposed on the Eagle claims at the west end of Cat Lake. They can be traced for more than one-half mile along the contact of andesite and granite.

As in many other dykes in the area spodumene is intimately associated with quartz. The spodumene is fine- to coarse-grained and both white and green in color. Resides spodumene and the common silicates of the pegmatite, namely quartz, albite, microcline and muscovite, some granet, tourmaline, fluorite, and beryl are present.

Northern Chemicals Limited, former owner of the property, estimated 600,000 tons averaging 1.4% Li_2O to a depth of 200 feet. The property was transferred to Lithium Corporation of America in 1955.

Montgary Explorations Limited

This company holds a group of claims on the north shore of Bernic Lake. The property was formerly held by Jack Nutt Tin Mines and Consolidated Tin Company. The former company had sunk a shaft in 1930 to investigate a number of flat-lying tin-bearing pegmatites. This venture was unsuccessful, but drilling intersected a thick spodumene-bearing dyke below the tin dykes. Interest in lithium was not great at the time, the discovery received little publicity, and was practically forgotten. The claims lapsed and were restaked several times over the years. In the winter of 1955 they were restaked by a local prospector who had turned up the old drill records. The claims and drill logs were transferred to Montgary Explorations Limited, who immediately commenced more drilling.

The lithium dyke does not outcrop anywhere, despite excellent exposures of country rock. The shaft had bottomed a few feet above the pegmatite. Had the tin dyke not outcropped and had the two drill holes not been put down in 1930 with the hope of intersecting further tin-bearing pegmatite, the lithium dyke would probably never have been discovered.

The pegmatite occurs in andesite to the east of a large sill-like granite intrusive. The tin dykes strike northeast and dip 15 to 20 degrees southeast. The underlying lithium dyke strikes northwest and dips 15 to 20 degrees northeast. Thickness of about 150 feet were encountered in some of the drill holes. Spodumene laths occur in medium-grained pegmatite and minute spodumene needles occur in very fine white aplite. The lithium-bearing sections of the pegmatite are bands varying from 10 to 15 feet up to 70 feet wide, separated by White albite pegmatite, flesh-colored albite-microcline pegmatite, and glassy quartz. Some yellow, low grade lithium mica, black and pink tourmaline, cassiterite, amblygonite, apatite, and beryl are present in the pegmatite.

Up to freeze-up last fall drilling had indicated 1,938,000 tons grading 1.48% Li_2O over an average width of 39 feet. Drilling, suspended over freeze-up, was resumed in January. This work is continually increasing ore reserves of the dyke described above. A recently drilled deep hole has intersected other lithium-bearing zones lying below the main dyke. These zones are of ore-grade material. Their extent is not yet known.

Other Occurrences

Other lithium occurrences which have not been intensively investigated include those on the Central claim south of Cat Lake, the Buck and Coe claims at the east end of Bernic Lake, the Eureka claim south of Bernic Lake, and the Bear Claim south of the Winnipeg River.

Outside the area under discussion, properties have been drilled at East Braintree, 75 miles east of Winnipeg and at Herb Lake, 80 miles east of Flin Flon.

Conclusions

Four major spodumene-bearing dykes in the Cat Lake-Winnipeg River area contain an estimated 7½ million tons grading over 1½% Li_2O. This is contained in dykes drilled to depths of 200 to 1,000 feet. On all properties the possibility of increasing tonnages is good. Several other dykes require further investigation. The discovery of a new large spodumene-bearing pegmatite as late as July, 1955, in an area known 30 years ago to contain lithium offers hope that still others may be found. Search should be centered on white or grey albite pegmatite dykes in andesite close to intrusives of grey and buff granitic rocks and for a few hundred feet into the granite itself.

Charles Diffenderffer

Charles H. Diffenderffer, member of the Philadelphia-Baltimore Stock Exchange, passed away Feb. 29.

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Canada: Haven for Blue Chip And Enterprise Capital

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1955	Quotation Dec. 31, 1955♦	Approx. % Yield Based on Paymts. to Dec. 31, 1955
		—Canadian $ §—		
Westminster Paper Co., Ltd. "B" — Wide range of paper specialty products	23	0.80	b28	2.9
Weston (George) Ltd. "B" — Fine biscuits, bread, cakes, confectionery, etc.	26	†0.25	36½	0.7
Wright-Hargreaves Mines, Ltd. — Ontario gold producer	25	0.12	2.03	5.9
Zeller's Ltd. — Operates chain of specialty stores across Canada	15	1.00	25	4.0

♦ Quotations represent Dec. 31, 1955 sale prices or the last sale price prior to that date. Bid and ask quotations are as of Dec. 30, 1955.
§ Add current Canadian Exchange Rate.
b Bid.
† Adjusted for stock dividends, splits, distributions, etc.

TABLE II

LISTED CANADIAN *Common Stocks*

On Which CONSECUTIVE CASH DIVIDENDS Have Been Paid From

5 to 10 Years

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1955	Quotation Dec. 31, 1955♦	Approx. % Yield Based on Paymts. to Dec. 31, 1955
		—Canadian $ §—		
Abitibi Power & Paper Co., Ltd. — Newsprint and allied products	7	1.275	35⅜	3.6
Acadia Atlantic Sugar Refineries Ltd. — Refines raw sugar cane & produces 50 or more grades & packages of sugar	5	0.50	12	4.2
Argus Corp., Ltd. — Investment co.—manufacturing & merchandising interests	9	0.80	22⅜	3.6
Auto Electric Service Co. Ltd. — Service distributers of automotive electrical carburetors & auxiliary equipment	9	0.80	10½	7.6
Barymin Co., Ltd. — Prospectus, development & holding co. — gold and other metal interests	8	0.15	2.50	6.0
Bathurst Power & Paper Co., Ltd. "B" — Boxboards, corrugating materials, etc.	7	1.00	40½	2.5
British Columbia Forest Products Ltd. — One of the largest producers of timber products in Canada	8	0.425	17⅞	2.4
Bulolo Gold Dredging, Ltd. — Operates a gold dredging project in New Guinea	8	†1.48	5.20	28.5
Burns & Co. Ltd. "B" — Meat, lards, butter, poultry products, etc.	9	†0.625	11¾	5.3
Canada Cement Co., Ltd. — Portland cement	6	†1.00	34¾	2.9
Canada Foils, Ltd. — Oldest and largest foil converting plant in Canada	7	0.40	b15	2.7
Canadian Dredge & Dock Co., Ltd. — General dredging; construction & repair work on waterways	6	0.50	22	2.3
Canadian Vickers, Ltd. — Shipbuilding, repairs; also makes industrial and mining machinery	6	1.50	31⅝	4.7

♦ Quotations represent Dec. 31, 1955 sale prices or the last sale price prior to that date. Bid and ask quotations are as of Dec. 30, 1955.
§ Add current Canadian Exchange Rate.
† Adjusted for stock dividends, splits, distributions, etc.
b Bid.

Canada: Haven for Blue Chip And Enterprise Capital

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1955 —Canadian $ §—	Quotation Dec. 31, 1955♦	Approx. % Yield Based on Paymts. to Dec. 31, 1955
Catelli Food Prod. Ltd. "B" Macaroni and related products	6	1.20	30	4.0
East Sullivan Mines, Ltd. Produces copper, zinc, silver and pyrite	6	0.475	6.10	7.8
Empire Life Insurance Co. Operates as life insurance company	5	0.60	71½	0.8
Enamel & Heating Products, Ltd. Stoves, ranges, furnaces, air conditioning equipment, etc.	8	0.40	9¼	2.3
General Bakeries Ltd. One of Canada's largest independent bakery operations. Makes bread, cakes, biscuits and confectionery	5	0.20	7	2.9
General Petroleums of Canade Ltd. "Ord." & Class "A" Oil well drilling contractors	7	0.20	4.90	4.1
Great Lakes Paper Co., Ltd. Manufactures newsprint and unbleached sulphite paper	9	1.60	44	3.6
Great West Coal Co., Ltd. "B" Wholesale distributor of lignite coal	9	0.475	9	5.2
Great West Saddlery Co., Ltd. Wholesale distributor of general store mdse., and riding goods	6	2.00	b20	10.0
Gypsum, Lime & Alabastine, Canada, Ltd. Building materials; gypsum and lime products; industrial chemicals, etc.	9	2.40	59½	4.0
Hahn Brass Ltd. Manufactures large variety of metal products	9	1.00	b21½	4.7
Hendershot Paper Products Ltd. Manufactures paper products including containers & corrugated products	9	1.25	33	3.8
Hydro-Electric Securities Corp. Management type investment trust	8	0.35	8½	4.1
Industrial Acceptance Corp., Ltd. Purchases acceptances; also small loans and general insurance business	8	2.50	53	4.7
International Power Co., Ltd. Holding co., controlling public utilities in Central and South America	7	2.40	203	1.1
La Luz Mines Ltd. Nicaragua gold producer	7	0.10	2.95	3.4
Laurentide Acceptance Corp. Ltd. "B" Purchases installment sale contracts	8	0.60	b19	3.1
Macassa Mines, Ltd. Ontario gold producer	7	0.15	2.10	7.1
MacLeod-Cockshutt Gold Mines, Ltd. Ontario gold producer	7	0.10	1.50	7.1
Maxwell Ltd. Manufactures washing machines, dryers, lawn mowers and food choppers	6	0.25	7	3.6
McCabe Grain Co., Ltd. "B" General grain dealings	9	0.60	b18	3.3
Mersey Paper Co., Ltd. Newsprint and related products	7	3.00	185	1.6
Milton Brick Co., Ltd. Makes first quality face brick	6	0.20	4.40	4.5
Mining Corp. of Canada, Ltd. Holding exploration & financing company	7	1.25	23	5.4
Minnesota and Ontario Paper Co. Newsprint, specialty papers and other timber products	9	2.40	69	3.5
Mitchell (Robert) Co., Ltd. "A" Brass, bronze, nickel and other metal products	8	0.50	14½	3.5
Modern Containers Ltd. Makes tube containers for tooth paste, shaving cream and other semi-liquid products	8	1.00	16½	6.1
Monarch Mortgage & Investments Ltd. Operates and owns number of apartment houses	8	2.00	40	5.0
Newfoundland Light & Pow. Co., Ltd. Operating public utility	7	1.20	36¼	3.3
Niagara Wire Weaving Co. Ltd. Manufactures wire mesh cloth & wire weaving machinery	8	2.50	43	5.8

♦ Quotations represent Dec. 31, 1955 sale prices or the last sale price prior to that date. Bid and ask quotations are as of Dec. 30, 1955.
§ Add current Canadian Exchange Rate.
b Bid.

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1955 —Canadian $ §—	Quotation Dec. 31, 1955♦	Approx. % Yield Based on Paymts. to Dec. 31, 1955
Nor-Acme Gold Mines Ltd. Receives royalty from Howe Sound Co. through lease of company properties in Manitoba	5	0.03	0.465	6.5
P. R. M. Inc. Name changed from Pressed Metals of America Inc. Dec. 16, 1955 Bushings, bolts, bars, etc.	7	0.50	19¾	2.5
Quemont Mining Corporation Ltd. Producers gold, silver, copper, zinc, and pyrites in Quebec	5	2.00	27¼	7.3
Quinte Milk Prod., Ltd. "B" Wide variety of milk products	7	0.15	4.50	3.3
Robinson Little & Co., Ltd. Wholesale and retail merchandising of dry goods and variety store lines	8	0.80	11	7.3
Rolland Paper Co., Ltd. High-grade bond writing paper and related products	6	1.40	59	2.4
St. Lawrence Corporation Ltd. Newsprint and allied products	5	2.00	84½	2.4
Silknit Ltd. Lingerie, swim suits and other rayon products	8	1.00	19	5.3
Silver Standard Mines Ltd. Zinc, gold, silver and cadmium production	6	0.02	0.50	4.0
South American Gold & Platinum Co. Gold dredging operation, in Columbia, South America	5	0.525	‡	‡

♦ Quotations represent Dec. 31, 1955 sale prices or the last sale price prior to that date. Bid and ask quotations are as of Dec. 30, 1955.
§ Add current Canadian Exchange Rate.
‡ Inactive issue, no Exchange trading.

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1955 —Canadian $ §—	Quotation Dec. 31, 1955♦	Approx. % Yield Based on Paymts. to Dec. 31, 1955
Stadacona Mines (1944) Ltd. Quebec gold producer	8	0.02	0.28	7.1
Standard Paving & Materials Ltd. General paving contractor	8	1.50	35	4.3
Sullivan Consolidated Mines, Ltd. Quebec gold producer	7	0.20	5.60	3.6
Taylor, Pearson and Carson (Canada) Ltd. Holding co.—interests in automotive and household appliances	9	0.50	9¼	5.4
Traders Finance Corp., Ltd. "B" Purchases installment sales obligations	9	2.40	42	5.7
Union Gas Co. of Canada, Ltd. Production, storage, transmission and distribution of natural gas	7	1.40	48½	2.9
Ventures Ltd. Holding, investment, promotion, exploration and development co.	7	0.30	40.50	0.7
Viau Ltd. Biscuits and confectionery	9	3.00	b59½	5.0
Victoria & Grey Trust Co. Operates as trust company	5	0.80	22	3.6
Western Grocers Ltd. Wholesale grocery business in Western Canada	5	1.00	126	0.8

♦ Quotations represent Dec. 31, 1955 sale prices or the last sale price prior to that date. Bid and ask quotations are as of Dec. 30, 1955.
§ Add current Canadian Exchange Rate.
b Bid.

Thomson & McKinnon Open New Branch Offices

Thomson & McKinnon, members of the New York Stock Exchange, have opened four new branch offices in the South: at 69 Union Avenue, Memphis, under the direction of Frank R. Beene; in the Cotton Exchange Building, New Orleans, under the management of Lawrence E. Richmond; at 102½ West Main Street, Jackson, Tenn., with Emmett C. Johnson as manager, and in the Glencoe Hotel Building, Blytheville, Ark., under the direction of Burton L. Settoon. Mr. Richmond and Mr. Beene were formerly partners in W. E. Richmond & Co., with which Mr. Settoon and Mr. Johnson were also associated. The firm of W. E. Richmond & Co. has been dissolved.

Columbia Secs. of Calif.

BEVERLY HILLS, Calif. — Columbia Securities Company Inc. of California has been formed with offices at 225 South Beverly Drive. Marc Sterling is a principal of the firm.

E. H. Davis Opens

SPRINGFIELD, Vt.—Elbert H. Davis is conducting an investment business from offices at 10 Orchard.

Form Southernaires

BIRMINGHAM, Ala. — Southernaires, Inc. is engaging in a securities business from offices in the Brown-Marx Building. E. L. Widemire is a principal of the firm.

With John G. Kinnard

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, Minn.—Howard C. Donald, Katherine Maus and John M. Maus have joined the staff of John G. Kinnard & Company, 133 South Seventh Street.

Columbia Secs. of Wyo.

CASPER, Wyo.—Columbia Securities Company, Inc. of Wyoming has been formed with offices at 121 East First Street.

Continued from page 27

Nuclear Power Programs and Uranium Future Prospects

possible. At the present time the cost of ore-dressing accounts for approximately 50% of the total operating cost of our uranium mines. This compares with a cost somewhere between 20% and 25% for milling other base metals. For the most part, the milling methods now in use are based on processes which were developed in a very short time because of the urgency of getting into production. In one case — and I refer to Eldorado's Beaverlodge Operation—the process had to be developed in a period of approximately six months. I do not think there is any question but that improvements can be made in existing processes, and I have some hope that new and better processes can be developed.

The Radioactivity Division of the Department of Mines and Technical Surveys has made, and is still making, a notable contribution to the development of milling techniques. In the past few years the Division has provided the ore-testing service which has made possible the design and installation of all of our uranium mills. I am sure you will join with me in paying tribute to the staff of the Mines Branch and, in particular, to the staff of its Radioactivity Division.

For several years past Eldorado has maintained a Research and Development Division which has been concerned with both milling and refining techniques. The Division, working in cooperation with the management of the Port Hope Refinery, was responsible for the new refining circuit which came into operation at Port Hope last June and which now makes possible in Canada the production of a metal-grade oxide. Technical and economic studies leading to the next step—metal production—are well advanced. The decision to undertake metal production in Canada will depend on the usual cost factors. It will also depend on the form in which uranium is likely to be used as a fuel for reactors. In this connection, there are now some indications that an oxide fuel may have advantages over a solid metal fuel. The Research and Development Division has also developed a modification of the process which was used in the original mill at Beaverlodge. This modified process will be used in the expansion of the Beaverlodge mill which is now under way. Several months ago it was decided that Eldorado's Research and Development Division should be provided with a new laboratory. The contract for the building was awarded two weeks ago. It is estimated that the cost of the building and its equipment will be approximately $425,000. These new facilities will make possible an expansion of Eldorado's research and development work. This work will supplement, and not duplicate, the work done by the Mines Branch. More specifically, these facilities will permit the pilot plant tests which are required to prove up new ore dressing processes. As in the past, Eldorado will make available to all producers the results of its research and development program in the ore-dressing field.

May I thank you again for inviting me to speak to you today. I am quite conscious that I have not answered fully the questions which are uppermost in your minds. I hope it will be evident from what I have said that it is not possible at this time to give you final answers. What I have tried to do is to give the kind of information which will assist you in making your own assessment of the future prospects for the use of uranium in nuclear power programs.

Continued from page 32

Lithium Market Outlook and Technological Developments

tect the clean surface until the metal is fused. Multi-component systems containing lithium halides meet all these requirements. If aluminum replaces copper in automobile radiators, this application could cause substantial growth in the market. Lithium is also used as a degasifying or purifying agent in producing sound aluminum and copper alloy castings.

In air conditioning and drying applications, lithium chloride and lithium bromide are used because they are extremely hydroscopic, have excellent solubility at very low temperatures, are thermally stable and maintain a constant relative humidity in gases into which they come in contact. Air to be conditioned is brought into contact with lithium halide solution and, depending on the relative humidity of the entering air, moisture is either added or removed to maintain the desired relative humidity. For example, a 35% solution can be circulated at temperatures as low as —70 degrees C. while the moisture is readily removed from the same solution without decomposition by heating to 12— degree C. These properties for controlling humidity are used in industrial drying and humidity control applications. Also, lithium in the form of solutions of chloride, bromide and nitrate are used in cooling systems. These solutions have a high absorption value for many refrigerating gasses including ammonia, methylamene, and a number of chlorinated organics. In refrigeration systems of this type, the solution absorbs the refrigerant and the refrigerant is regenerated with heat. Systems of this type have the advantage of being completely sealed and free of moving parts and have a high degree of reliability and long life.

Batteries

The first major industrial use of lithium was in alkaline-type storage batteries. Lithium hydroxide is an indispensable component of the potassium hydroxide electrolite employed in the cells of the Edison nickel-iron storage battery.

Anhydrous lithium hydroxide has been used as a carbon dioxide absorbent for gas masks and in submarines. A lithium hydroxide or carbonate has been used to control the forration of alkyd resins in paints. High thermal conductivity and low freezing point of lithium chlorate and bromide included in the paste electrolite have made possible the dry-cell type batteries which will function at temperatures as low as —40 degree C. The low melting utectic mixtures of lithium salts have made possible their application in metal-treating salt baths. For example, mixtures of lithium, potassium, sodium or calcium salts have been made up into salt baths with melting points as low as 119 degree C.

Propulsion Fuels

One possible application for lithium which could materially affect its future market is possible application in the high energy fuels for rocket and guided missiles as discussed in the "Wall Street Journal" of Nov. 23, 1955. Quoting from this article: "The principal experimental fuels are chemical combinations of boron and lithium with hydrogen." This article quotes Walter O. McConnell, Vice-President of Olin Mathieson Chemical Corp., as saying: "We are working hard in the field of exotic fuels. Any one of 20 compounds including boron and lithium could be the answer in, say, 10 years for the whole field of propulsion." Again quoting from the "Wall Street Journal" of Nov. 23, 1955: "Since the first major application of the new fuel probably will be military—as propellants for rockets or guided missiles, most of the research is shrouded in secrecy—chemists explained the secret of the new fuels is that hydrogen, an explosive gas that burns with tremendous heat, can be chemically locked into a liquid or solid form by combining it with one of the light elements. In this form it is easier to handle and transport and it burns with less danger of explosion. Combining hydrogen with boron and lithium—two of the lightest elements—also gives the new fuels a weight advantage over conventional fuels. In rockets and ram jets weight of fuel is a controlling factor on the range and pay load." While many compounds are probably under consideration for rocket fuels if lithium is an ingredient in one of the more promising types, this could be materially altered for future demand as projected in Figure 1.

Nuclear Applications

Nuclear applications of lithium are, of course, classified, but there is general speculation that lithium is required for thermal nuclear reactions. Hans Thirring, Director of the Institute for Theoretical Physics in Austria, recently speculated that hydrogen bombs of today may use nuclear reactions involving hydrogen isotopes as well as the light isotope of lithium Li^6 as discussed in "C & E News," Nov. 21, 1955. This article quotes Thirring as saying: "Possibly the fusion reaction can be maintained only with Li^6 which constitutes 1/13th of the lithium as found in nature." While the AEC has stimulated much of lithium capacity expansion, the impress left by Thirring and others is that AEC consumes only Li^6 or perhaps 15% of the lithium supplied, allowing for the inevitable processing losses. If the remainder is returned to commercial markets, the lithium over-supply will be enormous and by a rough calculation could be figured at double the consumption. There has been some speculation on the role of lithium in the future development of power generation by controlled fusion reaction. To provide you with some basis for judging this possibility, I would like to quote from February, 1956, "Industrial Bulletin of Arthur D. Little, Inc.": "Controlled nuclear fission will be very difficult to achieve. Foremost among the problems to be solved appears to be the need to sustain and contain temperatures over a million degrees, equivalent to those on the sun. Shooting for the sun, therefore, research is continuing and increasing. In the United States it is being carried out within the framework of the Atomic Energy Commission's Project Sherwood.

"The fusion process deals with very light nucleonites such as those of the various isotopes or forms of hydrogen. The problem is to bring them close enough together so that they will merge or fuse to form heavier nuclear metals, plus energy. Unfortunately, there are very strong repelling forces between nuclei, since they are electrically charged. But if accelerated to very high speeds, for example, by raising them to high temperatures, the nuclei may come close enough to interact. The current aim is to produce appropriate environments by developing high enough atomic velocities (analogous to temperatures) and to sustain the fusion reaction in a controlled way.

"One reason cited for the great interest in fusion is the relative abundance and low cost of the raw materials—e.g., hydrogen, in its heavy form obtainable from sea water, or lithium is 10 times more plentiful than uranium. But the fusion reaction has by no means been decided upon; the AEC gives three potential examples, none involving lithium directly, although lithium is a possible 'raw material' source of tritium—the heaviest form of hydrogen. Speculation in raw materials, therefore, on the basis of information available today is premature. Admiral Strauss, Chairman of the AEC, reports his belief that every dollar that is invested in an atomic fission reactor will have been amortized long before fusion is either found to be feasible or infeasible.

"If one calculates the energy available from fusion of the light nuclei, one finds that pound per pound of raw material fusion is more energy producing than fission." For any other reason, say, "a fusion reactor is better because . . . none has been built yet, nor is one likely to be in the near future. It has taken a decade of applied research—of a very high order of excellence—to bring nuclear power reactors (based on fission) even to the present state of the art, where none is yet operating in this country on an economical basis. Controlled fusion, like the impossible, will take a little longer."

One thing is certain: there will be an oversupply of lithium in the immediate future as indicated by the fact that prices are on the way down. There was one price reduction which took place in 1955 on lithium carbonate, and lately one producer has been offering 1956 contracts at lower price structures.

The above discussion presents a general picture of the present lithium market situation with respect to current technology. The writer believes that there will be a general oversupply at least in the immediate future for lithium and lithium chemicals. The long-range future of lithium depends heavily upon developments which are apparently presently under way.

FIGURE 1

Lithium Carbonate Production (Millions of Pounds)

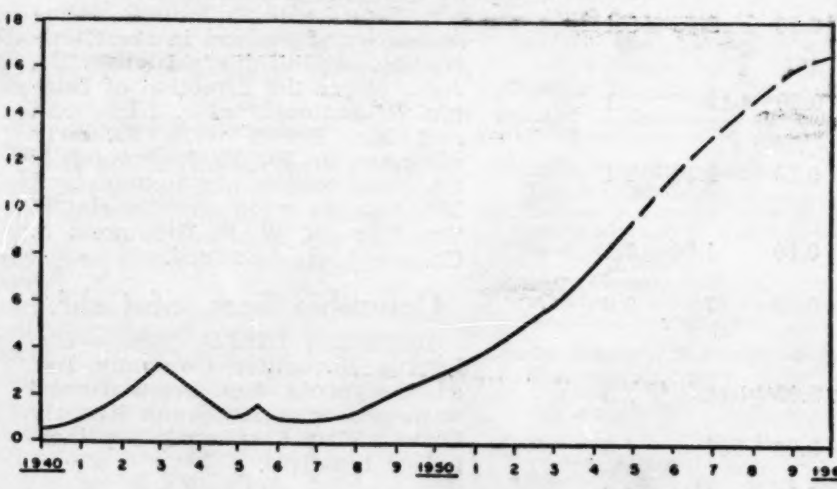

FIGURE 2

Supply Lithium and Lithium Chemicals

Producer and Location—	1956 Prof. Capacity (Lbs. Lithium Capacity Equivalent
American Potash & Chemical, Searles Lake, Calif.	2,000,000
American Lithium Chemicals, San Antonio, Texas (American Potash—50.1% & Bikita Minerals [private] Ltd.)	6,000,000
Foote Mineral Co., Sunbright, Va.	5,300,000
Lithium Corp. of America, Minneapolis, Minn.	1,400,000
Lithium Corp. of America, Bessemer City, N. C.	8,400,000
Maywood Chemical Works, Maywood, N. J.	700,000
	23,750,000

FIGURE 3

Demand Lithium and Lithium Chemicals

Lbs.—Lithium Carbonate Equivalent

	1956	1960
Lithium greases	3,000,000	4,500,000
Ceramics and glass	2,300,000	4,500,000
Aluminum welding	1,200,000	1,600,000
Air conditioning	1,500,000	2,000,000
Alkaline storage batteries	650,000	700,000
Military and A. E. C. (20%)	1,730,000	2,660,000
Miscellaneous	300,000	400,000
	10,680,000	15,360,000

Inv. & Estate Planning

TWIN FALLS, Idaho—Rex F. Ulrich is engaging in a securities business from offices at 109 East Main under the name of Investments and Estate Planning.

Suplee, Yeatman Branch

WILMINGTON, Del. — Surplee, Yeatman & Company, Inc. of Philadelphia have opened a branch office at 2303 Lancaster Avenue. John J. Donovan II is associated with the new office.

Carroll Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Max J. Ivey has been added to the staff of Carroll & Co., Denver Club Bldg.

Two With Mid-Continent

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — William F. Peters and August Schlafly are now with Mid-Continent Securities Corporation, 3520 Hampton Avenue.

Continued from page 2

The Security I Like Best

stockholders. It is, however, the policy of the directors to capitalize a liberal portion of each year's earnings and to disburse additional shares to stockholders as stock dividends.

On Jan. 10, 1956, after splitting its stock two for one, stockholders of record the same day received a stock dividend of 1.62%, a cash dividend of 50 cents a share and were then given rights to buy an additional share of the bank's stock at $30 for each 20 shares owned.

Giving effect to the Jan. 10 stock distribution, there are presently 494,600 shares of Security National Bank's $5.00 par capital stock outstanding. The stock is traded in Over-the-Counter market.

ALLEN J. McNEAL

Price, McNeal & Co., New York City
Member: National Association of Securities Dealers, Inc.

Gum Products, Inc.

Through the years many opportunities have presented themselves, whereby a lot of stock in a depressed situation could be bought for very little money and subsequently resulted in very big profits when the company began to show improvement, report good earnings and resumed dividends.

A. J. McNeal

I believe the common stock of Gum Products, Inc. is such a situation and for that reason I submit herewith the facts regarding this company.

Centuries before the gum-chewing habit struck this country, Mayans and other races chewed gum or coagulated latex obtained from a number of trees.

The natural gums have been almost entirely replaced by others in the products of the 36 chewing gum makers of the United States. In 1954 Americans spent about $265 million for chewing gum and of this amount about $27 million was for bubble gum.

In 1869, William F. Semple of Mount Vernon, Ohio, patented a "combination of rubber with other articles, in any proportions adapted to the formation of an acceptable chewing gum."

The key word in this patent is "rubber" and whether he knew it or not he patented the first chewing gum that could be blown into large bubbles.

In 1848 and 1850 the following brands of gum appeared on the market: Licorice, Lulu, Yankee Spruce, Trunk Spruce, State of Maine pure Spruce Gum, etc. The Gum Products, Inc. has been the leading maker of Candy Coated Bubble Gum in ball form, making approximately 8,000,000 pounds of bubble gum annually in its East Boston plant. This production represents about 440,000,000 balls of almost one inch diameter. They are made in a variety of flavors and colors and sell for one cent each.

As of the end of 1955 there were about 40,000,000 boys and girls in this country between the ages of five and 17, which represented the potential market for bubble gum.

Gum Products, Inc. is the result of a purchase by Wellington M. Cramer, Jr., of the International Chewing Gum Corp. of Cambridge, Mass., in 1939. Cambridge had made ordinary stick-type bubble gum since 1935.

In 1940 one year after purchase Cramer changed the name to the Gum Products, Inc. and in 1942 the plant was moved to East Boston, where candy-coated ball gum was first made.

Cramer claims that his company is now the world's largest maker of candy-coated bubble gum.

In 1947 Mr. Cramer was induced to enter into a deal negotiated by some leading New York bankers whereby Gum Products took over the 75-year old candy making concern by the name of Hawley & Hoops.

An underwriting was negotiated for the sale of common stock and class "A" stock, both of which paid dividends for a while and the stocks enjoyed a good market.

Apparently Hawley & Hoops was not what it was cracked up to be and this together with other extenuating circumstances led to trouble and deficits which caused the passing of all dividends and a sharp drop in the price of the stock.

In due course Hawley & Hoops was liquidated and Mr. Cramer went back to his first love "Bubble Gum" with finances strained almost to the breaking point.

In 1953 a Plan of Recapitalization was put through, under which the class "A" stock was exchanged for income debenture bonds and common stock (non-voting) in the ratio of one share of common and $3 face value of debentures for each share of class "A" stock.

This resulted in the issuance of $495,450 (par value) of bonds and 165,150 shares of non-voting common in place of the then outstanding class "A" stock.

At the same time the outstanding common stock was exchanged for new class "B" voting common on the basis of one new for each two old shares.

The capitalization of the company after the recapitalization was as follows:

5% income debs.	$495,450
Non-voting common	165,150 shs.
Class "B" common	471,122 shs.

At the time of the recapitalization in 1953 the financial statement was about as poor as could be—showing a surplus deficit of $288,107.

The stocks are both no par value, carried in the balance sheet at a nominal figure of only $2 for the whole amount outstanding.

Since 1953 Mr. Cramer has succeeded in putting the company on an earnings basis, and has, through earnings and purchase of the debentures in the open market, at a discount, succeeded in practically wiping out the surplus deficit and as of Dec. 31, 1955 this deficit amounted to only $2,616 vs. $117,496 at the end of 1954.

I might say further that the purchase of the debentures by the company amounting to $82,272 (par value) in the three year period has also meant the acquisition of 27,424 shares of the non-voting common stock, as the bonds are traded with stock. Interest on the debentures has been paid regularly since date of issuance (semi-annually). Total interest paid $52,542.

Results of operation in the past three years have been as follows:

When the Hawley & Hoop deal was completed the old common stock was selling for around 2¼ to 3⅛ and the class "A" stock at around 7⅞ to 8¼ both paying dividends—30 cents rate on the common and 60 cents rate on the "A" stock.

When things turned sour dividends were discontinued and the "A" stock fell to about 1¾ and the common to 25 cents to 40 cents equal to 50 cents to 80 cents for the new common. In spite of marked improvement in the affairs of this company, holders of this company's securities, thoroughly discouraged with the situation, have continued to press their stocks on the market for what they would bring, probably influenced to a large extent by the tax loss motive.

At the present time Gum Products "B" common might be purchased at around 50 cents per share, equivalent to 25 cents for the old stock.

In 1955 the company showed earnings, after depreciation and interest, of about 16 cents per share, which meant stock is available at around 1¾ times earnings.

No dividends could be paid as long as there was a surplus deficit, but with the deficit wiped out, it is possible that Mr. Cramer may consider a small dividend after such a long period of drought for the stockholders. In fact he says in the annual report for 1955 "If the pattern of progress already shown continues, it is reasonable to believe that a dividend could be declared on our stock in the near future."

It is my belief that a purchase of the common stock of this company at around the prevailing price of 50 cents will in due course prove to be quite profitable.

Surely it is a better gamble, in my opinion, than 99% of the uranium and mining company stocks that have found their way into the hands of uninformed speculators trying to hit the jackpot through the lure of a few issues that have proven successful.

Gum Products has been coming out of the woods for three years. Here is a chance to buy a thoroughly deflated stock with a chance of its being worth many times its present value. I believe the weak stock is about cleaned up, and the opportunity to buy this stock at around 50 cents per share may not last much longer.

Distribution of Stock & Bond Ownership

	Manage't Owns & Controls	Balance
Common "B" Shares	277,419	193,693
5% Debs. (par value)	$270,063	$225,387
Non-Voting Com. Shs.	90,021	75,129

With the population increasing at the rate of 4,000,000 per year, this means more kids to chew bubble gum.

The potential market is about 40 million children and youths for Jaw Teasers Candy Coated Bubble Gum, and to win the widest acceptance during 1956, Jaw Teasers will be advertised every two weeks in "Life" Magazine, which is read weekly by 26 million in the United States and more than four million in Canada.

	Net Sales	Net Bef. Dep.	Net Aft. Dep.	% Net Sales	Earned Per Share Bef. Dep.	Earned Per Share After Dep.
1955	$2,106,161	$141,366	$103,366	4.9%	21c	16.1c
1954	2,289,649	99,180	74,035	3.2%	15c	11.6c
1953	2,022,451	100,000	74,812	3.7%	15c	11.8c
Total three years						39.5c

V. J. Brady Joins Danforth Field Co.

LOS ANGELES, Calif.—Victor J. ("Vic") Brady has been appointed the Southern Representative of Danforth Field Company, Western Distributor of Wellington Fund, Inc.

Mr. Brady maintains offices at 704 South Spring Street, Los Angeles. He has had years of Securities experience as salesman, sales manager and floor trader on the Los Angeles Stock Exchange. A graduate of Fordham University, he later attended the New York Stock Exchange Institute and New York University. From 1942 to 1946 he served in the U. S. Army with the rank of Battery Commander.

Mr. Brady will be responsible for the general distribution to Investment Dealers of shares in Wellington Fund, Inc.

A. J. Gould Co. Opens

A. J. Gould & Co., Inc. has been formed with offices at 75 Trinity Place, New York City, to engage in a securities business. Officers are Albert J. Gould, President; Anita James, Vice-President; and Reva Gould, Secretary. Mr. Gould was previously with Milton D. Blauner & Co. and Glick & Co.

Joins Kay & Co.

HOUSTON, Texas—Herman J. Hochman and Harold J. Goldman have become associated with Kay and Company, 2316 South Main Street. Mr. Hochman has been elected Vice-President. Mr. Goldman will be manager of the uranium trading department.

Cross Securities Opens

HOUSTON, Texas—Cross Securities Corporation has been formed with offices at 2411 Times Boulevard to engage in a securities business. Officers are Finis G. Cross, President; Alwood M. Stark, Vice-President; and Welden F. Hasselfield, Secretary-Treasurer.

T. A. Peter With McDonald

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — Thomas A. Peter, Jr. is now associated with McDonald & Company, Union Commerce Building, members of the New York and Midwest Stock Exchanges. Mr. Peter was formerly with Fulton, Reid & Co. in the Municipal Department.

Joins Lamont Staff

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Clement M. Burnhome has joined the staff of Lamont & Company, 89 State St.

Continued from page 3

Private Electric Power Gains And Two-Party Socialism

carried on the greatest expansion program in its history. It has not only kept abreast of America's phenomenal postwar industrial expansion but has literally set the pace for it.

For example, during the 10-year period from 1945 through 1955, the industry's plant investment increased from $12½ billion to $30 billion, or 140%; and today our investment in new facilities is running at the rate of about $3 billion a year. This rate of growth is not only expected to continue, but to increase, in the years immediately ahead.

During 1955, the investor-owned electric companies installed a record-smashing eight million kilowatts of new generating capacity, boosting their total capacity to 87 million kilowatts—an increase of 9.8% in a single year! This enabled America to end the year with a margin of better than 18% of reserve generating capacity over peak demand despite an unprecedented clamor for more and more electricity. To meet this demand, our companies generated 420 billion kilowatt-hours of electricity last year. That was 13.3% more than in 1954—itself a record year!

Lowering Electric Costs

Electricity costs less per kilowatt hour today than it did 10 or even 20 years ago, notwithstanding our industry has been affected by the same inflationary pressures which have caused construction costs to climb 170%, labor costs to more than double, and the price of other services and products to materially increase.

It takes nerve, I think, for the politicians to criticize the investor-owned electric industry, which has lowered its residential rates by 33% and the over-all cost of all classes of electric service by more than 20% during the past 15 years while the cost of government, which is the responsibility of the same politicians, has steadily risen — for example, 70% in terms of Federal taxes alone. In this connection, it should be pointed out that electric rates dropped faster in the 22 years before TVA was established than in the 22 years since that so-called "yardstick" came into being.

Today the cost of electricity is only about 1% of the average family's cost of living and only about six-tenths of 1% of the value of our finished manufactured products. Food, on the other hand, takes 25% of the average family's disposable income after taxes and tobacco 2%.

Research Progress

The electric utilities and related industries, I am happy to report, are not "resting on their laurels." While the funds presently available for research are not as large as you and I would like, nevertheless there is a great body of organized research and equipment and appliance development activities going on. Some of this is sponsored directly by the utility companies but a much greater portion by the manufacturers of electrical apparatus. It must not be overlooked, however, that the utilities indirectly assist in financing the manufacturers' research programs through their equipment purchases.

Technological advances in the generation, transmission and distribution of electricity are being made as fast today as at any time in the industry's phenomenal 75-year history of progress. For example, the largest generating unit now in service has a capacity of 260,000 kilowatts, the highest operating steam pressure is 2,400 pounds per square inch, the highest operating temperature is 1,100 degrees Fahrenheit, and the most efficient coal rate is three-quarters of a pound per kilowatt-hour. But, there is now on order for operation within two years, a newly-designed generating unit with a capacity of 325,000 kilowatts, steam pressure of 5,000 pounds per square inch, temperature of 1,200 degrees Fahrenheit and a fuel efficiency of three-fifths of a pound per kilowatt-hour.

As a result of recent developments in the field of power transmission, we are now able to conduct as much as a million and a quarter kilowatts of power over a double circuit line. This will permit our companies to increase by several times the amount of power which can be carried over existing rights-of-way, thus offsetting the increased expense and difficulty of obtaining new and adequate easements.

Never before have the electric companies been engaged in such extensive engineering and marketing programs as those currently being carried on for the purpose of improving the distribution of electricity and its ultimate utilization by their customers. These efforts are national in scope. They involve millions of dollars of expenditure and are enlisting the interest and cooperation of many allied businesses. Typical of these are the "Horsepower" and "Live Better Electrically" programs about which you will soon be hearing a great deal.

Nuclear Investment

The use of nuclear energy as a source of heat for the production of electric power is the newest and most intriguing development to arrive in the electric power arena. In the relatively short time since the laws and regulations of the Federal Government were amended to permit civilian access to fissionable materials, 44 investor-owned electric utilities have joined together to construct seven large and medium and two small atomic reactors. These reactors will have more than a million kilowatts of generating capacity and will involve the expenditure by the companies of approximately 300 million free-enterprise dollars. Since the companies are proceeding with different types of reactors and procedures, they will develop a vast and varied store of knowledge that may be expected to bring substantial improvements in later atomic power installations.

A number of other electric companies are members of atomic research, engineering and planning groups such as the Rocky Mountain Group, the Atomic Power Associates of Kansas, the Atomic Power Associates of Iowa, the Nuclear Operations Group of Minnesota, the Carolina Atomic Power Study Committee, Atomic Power Development Associates and the Atomic Power Engineering Corporation. These groups will not only develop plans and designs for additional power reactors in their respective areas, but will contribute much to the development of components and procedures required to fully utilize atomic energy for power generation and other peaceful purposes.

I have mentioned these new developments for several reasons. In the first place, I thought we should be reminded that the investor-owned electric companies are not sitting by waiting for technological improvements to be made by others. On the contrary, they are pursuing their traditional role of participating actively in and, in most cases, are pioneering these advances. This was never quite so impressively demonstrated, I think, as in the field of atomic power. Here, the companies have proceeded despite restrictive and discriminatory governmental regulations, and notwithstanding abundant reserves of fossil fuels and notable advances in the efficiency of conventional generating plants have made atomic energy a much less needed and less competitive source of heat for power generation in America than in most other countries.

In the second place, I wanted to point out the notable contribution which industrious, resourceful and creative engineers continue to make to the development of the electric industry and its related businesses. Here is an engineering job which will never be completed. Our industry's need for skilled and imaginative engineers does not diminish but steadily increases as shifting economic factors and new discoveries and advances in metals and other materials create new opportunities for and new demands upon engineering talent. The electric power industry never faced such a dynamic and challenging future as it does today—and never before has it offered such promising rewards for engineers and technicians.

But, most of all, I wanted to mention these achievements of the electric industry because it seemed to me that an industry which has so unceasingly modernized and improved its methods as to make its service an indispensable of modern living—and which has so steadily reduced its charges — would be treated with kindliness, if not with gratitude by the legislators and administrators of a great democratic nation—and particularly so when it has managed, while engaged in continuous expansion, to pay nearly 25 cents of every dollar of its revenues for the support of Federal, state and local governments. One would think the politicians would hesitate to cripple and destroy an industry that last year contributed more than $1½ billion for the financing of governmental services. But the truth is that, despite its almost miraculous achievements and despite its spectacular plans for the future, the electric industry finds itself today under almost endless political attack and without any really determined and courageous defense by either political party.

Lip Service to Free Enterprise

In this Economic Report to the Congress a few weeks ago, President Eisenhower reiterated his devotion to "economic progress through free and competitive enterprise" as the only means for bringing about "general economic improvement" and for strengthening the moral roots of industry, enterprise and resourcefulness "from which still greater prosperity and well-being will spring in the future." Most politicians, regardless of party, share the President's devotion to the free and competitive enterprise system, at least in theory. But, in practice, either because of timidity or fuzziness or in order to gain personal or political advantage, they are too often willing to join or compromise with its enemies. This has been particularly true in matters affecting the investor-owned electric industry which, because of its essentiality, is a natural first target of those who would socialize all American industry.

The central, the overwhelming problem of the electric industry, besides which all other problems fade into comparative insignificance, is to halt the encroachment of these subsidized power groups.

Admiral Ben Moreell, Chairman of the Hoover Commission Task Force of Water Resources and Power, said in a recent address:

"I believe that all public power which is subsidized by tax funds, whether on the Federal, state or local level, is economically and morally wrong . . . Federal power sets an evil pattern for all other segments of the economy in self-seeking competition for government handouts. These handouts are bought with votes; and when votes are thus prostituted, freedom is endangered."

Socialism, 1933 and 1952

The effort to governmentalize the power industry, as I have frequently said, did not begin with the New Deal in 1933, nor did it end with a change of national administrations in 1952. The advocates of socialization have insinuated themselves, to some extent, into both major political parties just as they have invaded most of the other organizations and institutions of our society. Hence the threat of governmental encroachment continues for our industry regardless of which party is in power. An understanding of this fact is important if the electric industry is to preserve its independence.

Socialistic Inroads

Time does not permit a full discussion of the many inroads made by the supporters of subsidized power in recent months. However, as examples, I would mention: (1) The recent approval by the Senate Public Works Committee of the Lehman plan for the development of Niagara Falls by the State of New York, and the rejection of an alternative proposal for development by a group of investor-owned electric companies, notwithstanding the project is purely a power development and notwithstanding development by the electric companies, unlike state development, would have kept the project on the tax rolls and would have made the power available to customers throughout the entire service area of the five companies without **favor or discrimination**; (2) the repudiation, in the face of political attack by partisans of socialized power, of the Dixon-Yates contract by the very same Federal officials who initiated the proposal, participated in the negotiation and drafting of the contract, minutely examined every detail of the transaction and who defended it for nearly 19 months; (3) the failure to press for enactment of the President's "partnership program" designed to relieve the taxpayers of the burden of raising upwards of $500 million a year for the construction of Federal hydroelectric projects which local interests, municipalities, power districts and private electric companies stand ready to build; (4) the recent opinion of Attorney General Brownell in the Clark Hill case which, if adhered to, would give the co-ops and other so-called "preference" customers a virtual monopoly in federally-generated power—an opinion, incidentally, which went beyond anything the New Dealers or Fair Dealers ever conjured up, and which has had the effect of prolonging a controversy over the distribution of Clark Hill power which is already nearly eight years old; (5) the recent proposals for the financing and construction of atomic power plants by the Government and for sale of the output of those plants to subsidized power groups under an expanded preference clause; and (6) the proposals for financing not only the Tennessee Valley Authority but also the Rural Electrification Administration through the sale of bonds or other securities enhanced in value by prior appropriations of tax funds, so as to effectively nullify Congressional control of their fiscal policies.

Some Favorable Developments

There have been a number of favorable developments, to be sure, such as the recent impressive vote in Stevens County, Washington, where the voters, given a clear-cut choice between government-subsidized and free enterprise electric power, voted over 70% for the latter; the FPC's approval of a license for the development of the Hell Canyon's site by the Idaho Power Company; and the licensing of an extensive development of the Coosa River by the Alabama Power Company. But, the danger is that while "counting these blessings" the investor-owned electric industry and its friends may minimize the threats that confront us from a dozen directions.

One of the big questions in the year 1956 is whether there will be developed a strong and cohesive and courageous demand for the elimination of tax exemptions and other subsidies upon which a vast governmental power empire is being created in America for the benefit of a 20% minority of power consumers at the expense of the 80% served by the investor-owned electric companies. Another question is whether there is to be an end to power favoritism as between states and regions.

It is not merely a question of rivalry between different types of power organizations. Free enterprise itself, and indeed the very form of our American Government, is at stake.

In the words of Admiral Moreell, whom I quoted earlier: "Whether the demagogues advocating public power are or are not socialists is not important. **What is important is that the price we pay for public power must be measured by the advance of Socialism in our midst and our concurrent loss of liberty.**

In his final admonition to the electric power industry before his death, Thomas A. Edison urged: "Be courageous—be as brave as your fathers before you. Have faith. Go forward."

I can truthfully say that the investor-owned power companies have followed and will continue to follow his admonition.

Prescott Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio—Joseph T. Potter has been added to the staff of Prescott & Co., National City Bank Building, members of the New York and Midwest Stock Exchanges.

With Ohio Company

(Special to THE FINANCIAL CHRONICLE)

COLUMBUS, Ohio—Richard A. Klunk and Earl C. Livesay have become connected with the Ohio Company, 15 North High Street. Mr. Livesay was formerly with Hayden, Miller & Co.

With Remmele-Johannes

(Special to THE FINANCIAL CHRONICLE)

GRANVILLE, Ohio—Mrs. Bessie S. Bunting has joined the staff of Remmele-Johannes & Co., 118 East Broadway.

June S. Jones Adds

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Oreg. — Rod A. Moore has been added to the staff of June S. Jones & Co., United States Bank Building.

Joins Walston & Co.

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Oreg.—Gerald E. Louiso has become affiliated with Walston & Co., Inc., 621 Southwest Morrison Street.

Continued from page 4

Prospects of Air Line Industry For Passenger and Cargo Traffic

added power, be able to get greater lift and payload.

Airports

The gross weight of the airplane will be about 250,000 pounds. It may run 10,000 or 15,000 pounds over that. As near as we can see, it is a long haul airplane. We do not think it will obsolete airports as airplanes have in the past. There may be 500 or 600 feet additional required in some places on runways. There are other places where certain areas of the runways may have to be strengthened, but still we think in the planning—the early planning conducted by the CAA—that airport and runway strengths and requirements were well anticipated. But there will be no major obsolescence of airports.

We realize that the day of walking into a city nonchalantly, and saying, "You need a new airport" is gone. That is evident in Los Angeles where three bond issues for a new airport development have been defeated in the past five years, and we see the handwriting on the wall. We recognize it and we know that we have to build airplanes to fit the airport rather than the communities build airports to fit the airplane.

I will not bother you with a lot of the measurements of the new jet airplane. Full capacity is 17,600 gallons. It burns awfully fast. The range will be in excess of 3,000 miles. The cruising altitude will be 25,000 to 40,000 feet. The block-to-block speed will be about 550 miles per hour. The payload will be 38,800 pounds. It will carry 122 passengers first class, 153 or more in tourist. It will carry about 14,000 pounds of cargo.

Again that only brings to my mind something that I have repeated before the Transportation Association many times; that those who forecast us as being tremendous cargo carriers, going to replace other forms of transportation—here is a $5 million airplane that will carry 14,000 pounds. We have to lift. Others in the transportation industry are still pulling or pushing, and it is much more economical for them to do that.

There is an area for cargo. To us it is substantial, but to the entire cargo field I doubt if you would miss what we would take off the cargo potential. We are going to develop new uses, small shipments, emergency value, or high intrinsic value.

Sound Investment

Some people, when they hear of a jet airplane, they say, "Five million dollars! That is a lot of money."

Well, it is a lot of money, but you may be interested in this comparison. Our first modern airplane which we were quite proud of, was what we called the Boeing 80-A. It carried fourteen passengers at about 110 miles an hour. That airplane cost us about $87,000. One jet, either one of these airplanes I have described to you, will do the job in 24 hours that it took 50 of those airplanes to do. And let us look at a modern airplane—the DC-7, or the Lockheed Super-Constellation—two of our most modern airplanes. The jet will do three and a half times the DC-7's work. And it will cost 14% less per seat mile or ton mile to operate. So we have economic balance in the jet.

The figure is staggering, but nevertheless, the economics can be well studied, traced, to indicate that it is a very sound investment.

Now, what will we do with this airplane? Transcontinental, from San Francisco to New York, five hours. Los Angeles to Chicago, three hours, forty minutes, Chicago to New York, one hour, forty-five minutes. Honolulu to San Francisco, four hours and fifty minutes.

Passenger Business

In addition to this market—and you may be wondering why I may sound so egotistical as to predict air transport in the passenger business going up and surface going down. I do not mean to be egotistical. I try to look at the facts. When one considers a passenger can leave New York at twelve noon and be in Chicago at 12:50, with the advantage of time; or how he might be able to leave Washington after a day's business at four o'clock, and be at San Francisco at 6:45—that is the same day. We never used to get there even the same day.

And of course, we have the vacation travel. The DC-8 could leave Los Angeles at nine in the morning and be on the beach in the Hawaiian Islands before lunch.

So as we look at what this airplane is going to do, like any other advancement in communication or transportation, its accomplishments generate in themselves more frequent travel within the market you are looking at.

We may look at a market and indicate, "Well, how can you get out of balance with gross national product?" The point is that many business men are going to find themselves talking directly to the customer more frequently; and in addition to your customer, your vacation habits and those of your families and friends are going to change along with this.

Now, again, we are going to take some business away from someone. The question is: What is left? I do not know what is left, except I know this: That air transportation inherently serves best only on long haul. That is evidenced by the fact that today we estimate that we have about 74% of all the long haul business that is using common carrier transportation. But when you get down to 300 miles, and even the 500 miles, we only have 20 or 25% of our market. That is evidence again, that the distance from the airports does not always justify an air trip over a short distance. We are trying our best with rent-a-cars and what-not, but it is obvious that surface transportation appears much more attractive to a traveler for the shorter distances than it does by air; and of course, to do it by air is very expensive.

No Cargo Dent

The other field is cargo. I speak for my own company when I say that out of a volume of business of $250 million last year, about $9 million of it was cargo—very valuable business. We are trying to get more, but we cannot compete with you gentlemen who have certain natural inherent advantages in your form of transportation. And regardless of some of the optimism you may hear about, over-optimism on cargo carrying, I want to refer again to $425 million worth of airplanes, 331 of them, and only about 19 cargo planes on order.

That must indicate that the airline managements are facing that question rather realistically. They are going to try to develop it, but they know it is not going to be in tremendous volume, possibly except in case of war when, after all, the importance of getting something to a destination is far more important than the economic values or the cost.

Regulatory Board

Now, of course, no transportation person ever talks about his form of business unless he mentions in some unfriendly way his regulatory board. I might say that in our industry I have been a little disturbed in the past few months by some of the decisions. I do not think it is any different that the experiences you have in many of your regulatory boards. As I look at the laws which have as their objective an ideal to be accomplished through regulation, and I think it is necessary, and then I see the qualification in some little paragraph, after all this fancy language about economics and competition and soundness and what-not, where it says, "The people who will do this, they will be the majority from the party in control, and a minority from the minority party." In other words, you are sure that on the Civil Aeronautics Board that right now you are going to get three Republicans and two Democrats. But I do not know, even though I may be a Republican—there are a lot of them I know should never be on the Civil Aeronautics Board, and we seem to get our share.

I think we have to consider the power, the strength and responsibility of an agency, and begin to give more consideration to what qualifications are necessary on a Board to give you all those ingredients; the economics, the technical side, so that you get balance in your decisions.

I am sure there are people with qualifications on both the Republican and Democratic side—that you could set up a job qualification such as we do in our companies for a particular job. They are picking too many people out of thin air.

I have heard it said, "Oh, they don't pay enough." There are a lot of younger men, coming up, with terrific ability and qualifications to use that as a stepping stone on the way up, because everybody else regardless of age seems to be using it as a stepping stone, regardless of what they are.

So I think there is much for all of us to do in trying to build up and make the party in power, whatever party it may be, to give some consideration to basic qualifications that I am sure they will find in their party; but they do not have to be hand-offs.

Now, of course, if we got a perfect Civil Aeronautics Board I can assure you that I am a human being, and next year I will be complaining about that one too.

Joins du Pont Staff

(Special to THE FINANCIAL CHRONICLE)

CHARLOTTE, N. C. — Thomas C. Stroupe is now with Francis I. du Pont & Co., Liberty Life Bldg.

With Ball, Burge Co.

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio—James S. Nusbaum is with Ball, Burge & Kraus, Union Commerce Building, members of the New York and Midwest Stock Exchanges.

Fulton, Reid Adds

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — Clarence J. Helfrich is now associated with Fulton, Reid & Co., Union Commerce Building, members of the Midwest Stock Exchange.

Joins Prescott Staff

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio—Washington T. Miller is now connected with Prescott & Co., National City Bank Building, members of the New York and Midwest Stock Exchanges.

Joins Smith LaHue

(Special to THE FINANCIAL CHRONICLE)

ST. PAUL, Minn.—E. B. Rockne has joined the staff of Smith, La Hue & Company, Pioneer Bldg.

Bank and Insurance Stocks

By ARTHUR B. WALLACE

This Week — Bank Stocks

To return to the subject of the bank stocks of "effete" New York City versus those of the "growth" areas, the proponents of the banks outside the metropolis will, among other statistical approaches, base their preference on the shareholder's gain over a worthwhile period, let us say ten or more years. There is given in the accompanying schedules the increase in equity in a ten-year span for a group of 13 New York City banks, and for a group of 12 outside New York. Also is given the total dividend payout for the ten-year period. These have been totaled for the shareholder's per share gain, and in each case this total is related to the book value at the start of the decade to bring out the rate of growth.

The average of these ratios for the New York banks is 85.6%; for the banks away from New York 153.2%. In other words, while the New York banks were registering an average gain to the stockholder of 85.6% of his equity in each stock at the start of the ten-year period, the banks in the interior were showing a rate of gain of over 1½ times the equity at the start of the decade.

The adherent of the New York City banks counters with the contention that bank stocks properly belong in the conservative investment category, and should not be classified as growth stocks; that growth in investment media ought to come from industrial and rail equities. And he adds a column to our tabulations to show the ratio of ten-year dividend totals to the ten-year increase in equity for the group. Here he finds that the average for the New York banks is, relatively, double that of the banks outside New York.

In other words, he feels that, bank stocks being essentially conservative investments, his group is fulfilling its function for the investor by disbursing more of the over-all gain as dividends, whereas the out-of-town bank, in many cases with rather rapidly expanding deposit liability, is obliged to skimp on the stockholder's dividends and to retain a greater proportion of the over-all gain to back up the increasing deposit volume.

As was pointed out in this space in mid-March, probably the real test that will resolve this will not come unless there is a severe business reversal of a protracted sort. It will be at that time that the test of more rapid growth will be made. Certainly at that time banks with the larger branch systems will feel the weight of a big overhead, that will be not nearly so burdensome in the case of a bank with few or no branches. Also shrinking savings deposits will be a factor of importance.

	Ten-Year Increase in Equity	Ten-Year Dividends	Total Gain	Ratio of— Total Gain to 12-31-45 Equity	Ratio of— 10-Yr. Divs. to 10-Year Increase in Equity
New York Banks:					
Bankers Trust §	$17.00	$20.10	$37.10	78%	118%
Bank of New York	37.07	80.50	117.57	59	217
Chase Manhattan §	13.81	13.70	27.51	92	99
Chemical Corn Ex.§	15.79	19.04	34.83	134	120
Empire Trust	67.38	24.38	91.76	124	36
First Natl. City ‡*	14.64	19.30	33.94	57	132
Guaranty Trust	18.58	29.31	47.89	77	157
Hanover Bank	12.16	15.50	27.66	70	127
Irving Trust	3.21	10.10	13.31	60	315
Manufacturers	16.10	12.25	28.35	122	76
J. P. Morgan & Co.	92.56	73.33	165.89	107	79
New York Trust	14.91	23.75	38.66	77	159
United States Trust	4.17	29.90	34.07	56	714
Averages				85.6%	181%
Interior Banks:					
First Natl., Boston †	$12.35	$22.19	$34.54	81%	180%
First Penn Co., Phila	16.69	14.40	31.09	143	86
Mellon, Pittsburg	37.80	25.95	63.75	100	69
First of Chicago	104.55	61.00	165.55	140	58
Cleveland Trust	144.82	44.92	189.74	198	31
Natl. Bank, Detroit	21.12	13.45	34.57	149	64
First of St. Louis	17.23	25.20	42.43	103	146
Republic, Dallas	8.83	16.53	25.36	125	187
Commerce, Houston	24.49	27.80	52.29	202	114
Security First	20.07	10.17	30.24	195	51
Bank of America	9.31	13.72	23.03	215	147
Seattle First	36.13	19.47	55.60	187	54
Averages				153%	91%

NOTE—Adjustments for stock dividends and split-ups. Dollar figures are per share.

*Includes City Bank Farmers Trust Co. †Includes Old Colony Trust Co. ‡First National City Bank's change would have been larger had it not paid off the First National holders at the time of merger. §Pro forma, reflecting mergers: Bankers-Public; Manhattan-Chase; Chemical-Corn Exchange.

Continued from first page

As We See It

whether we ourselves any longer really understand the historical American system through which we came to be the economic envy of the world. We — particularly the politicians—are very fond of boasting about the American way of life, and of talking about the merits of the free enterprise system—but equally fond of doing violence to it. As good an example of what we have in mind as one could want is, indeed, found in this very summary from which we have quoted. At one point we find these sentences:

"Europeans, and even many Americans, are still living under the impact of the 1929 crisis, the Great Depression. There is no forthcoming crisis. * * * We are not going to have a depression. * * * Our system has changed radically since '29 and we have today an economic structure which makes another major economic crisis extremely difficult. * * * Every one should memorize the parts of the President's State of the Union message which deal with these — what the Government can do when threat of economic crisis appears. Economic measures which were introduced by Democrats have become part of the total structure of the American nation and are accepted by the majority of Republicans also."

The parts of the President's message to which reference is here made hardly paint a picture of a nation with an abiding faith in free enterprise and an abhorrence of collectivism and corporatism. On the contrary they breathe a belief in managed economy and a form of social and economic behavior embodying many of the notions which characterize the thinking of the Europeans and other foreign peoples which the professor seems to regard as unacceptable.

There is an abundance of other evidence, too, which points in the self-same direction. The Chairman of the Democratic National Committee late last week issued an appeal to members of his party in Congress to "make a record" upon which the party might justly appeal to the voters next November. The Democrats as well as the Republicans are certainly in need of such a record. The trouble is that the Chairman makes it clear enough that what he wants is such that it should and would have no appeal to voters thoroughly convinced of the merits of the traditional American system of free enterprise and self-reliant individualism. On the contrary he would have the party adhere to a paternalistic system which rewards and punishes in accordance with some alien notion of communal good.

Republicans, Too

But such ideas are certainly not confined to the Democratic party. The Republican party is also deeply infected. Much that is now being planned, preached and done in an effort to win the votes of the farmer smacks of anything but free enterprise, individual initiative and self-reliance —the corner stones upon which the nation was erected. The Republican party has been particularly sensitive to agricultural rumblings since President Truman fomented discontent in the farm regions in 1948 and won a re-election to the Presidency. While the Administration is maintaining the appearance of independence in the matter, it is in fact going a long, long way toward trying to cajole the farmer with largesse which is as foreign to the traditional American system as corporatism.

Perhaps the best way for us to make friends for the system now in force here—if win them we must—is to assure foreign doubters that we are really not greatly different from them, that we now hold beliefs very closely similar to theirs and that while we abhor the terms "socialism," "collectivism," "corporatism," "communism" and the rest, we are by no means so reluctant as they may suppose to adapt and adopt much of the philosophy and the practices of many of these supposedly despised systems. We should not in that event have to do violence to the truth, and we suspect that were we successful in convincing our listeners we should gain their approval much more easily than if we persisted in the self-deception that we are still followers of Adam Smith.

Not Serving Our Own Interests

But we are not serving our own interests by behaving in any such way, and we shall not serve them in the future by continuing on the paths that the New Deal laid out for us. What we need most of all is a new baptism of faith in our own traditional system and a willingness to honor it in our national policies. Whether the Kremlin, Peiping, India, France, Britain, or any of the others would admire us the more for such a reconversion is a matter of small consequence compared to the gain that we ourselves should enjoy. These, of course, are not new observations. The poignancy of the situation, however, becomes more oppressive as we prepare for a national election next autumn. At such a time we hear so much oral worship of the American System and see so little real interest in it.

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Consumer Credit Soundness And Future Opportunity

second was during World War II, in 1941-46, when cash incomes increased sharply, but savings increased even more rapidly, because goods were not available for purchase. Except for these two periods, consumers have spent from 92% to 97% of their incomes in every year of the last 27, except one (1938).

The obvious and the correct reason for the high relationship between consumer income and consumer spending, in the aggregate, is the fact that relatively few people are blessed with an excess of income. Stated differently, for most of us, desires for goods and services exceed our incomes, and rightly so, for in words of the poet, "Our reach should exceed our grasp, or what's a heaven for?"

Thus, it is correct to say that the total amount that consumers will spend can be determined within reasonably narrow limits, under ordinary circumstances, if we know the total amount of their income after taxes. From 1951 through 1954, consumer spending was at the lower end of those limits, and was between 92% and 92.5% in each year. In 1955 it was 93.8%.

The various categories of personal consumption expenditures have varied from time to time. The percentage of consumer income after taxes, devoted to services, has grown constantly year by year since the end of the war, from about 28% in 1946 to 33% in 1954. The percentage in 1956 will probably reflect a modest increase.

Consumer spending for durable goods has represented an amount between 11% and 13% of income after taxes in seven of the ten years since World War II. (In 1946 the rate was 10.4%, in 1950 it was 14.2%.) In 1955, it was about 13.3%. Consumer spending for durables will fall within this range (11 - 13%) in 1956, if we have satisfactory answers to the following questions: "Will the consumer fail to buy durable goods because he has an adequate stock of usable equipment now on hand?" "Will he tighten his belt and defer buying durable goods because he has misgivings with respect to his own future?" "Will he fail to buy consumer durable goods because he has more obligations now than he can handle?" To round out our discussion, we should also answer the question, "Will necessary repayments on obligations restrict his buying of non-durable goods and services?"

"Has the consumer an adequate stock of usable equipment now on hand?" Admittedly his stock of family equipment is sufficiently large so that he can live off his fat if a shock to his outlook prompts him to do so. But you know that those articles which are theoretically closest to the saturation point attain the largest output, year after year, and the largest sales. In other words, it is the manufacturer's and seller's job to give such values in the current year's model as to create a demand for it even though present equipment is capable of performing satisfactorily.

In 1955 a considerably higher proportion of consumer spending than usual went for automobiles. That was the result of several factors. A drastic revision in car appearance and improved features convinced the consumer, to a greater degree than ever before, that the 1955 model was the car he wanted, and he wanted it with all the trimmings, even in the case of the so-called low-priced cars. In addition, the race for supremacy among the Big Three resulted in a rate of output that put pressure upon dealers to dispose of new cars. Some sold "terms" instead of cars, thereby anticipating part of the normal 1956 sales and also selling new cars to those who are normally used car purchasers. The results are already apparent, to some degree, in lowered production output, in the attention which a Congressional Committee has given to dealer contracts, and in the revision in dealer contracts which was recently announced. It seems clear that in 1956 new car sales will be significantly less than in 1955, at least until the 1957 model appears. My own guess would be about 6½ million cars instead of the 7½ million sold in 1955. That would still make 1956 the second best year on record.

Durable Goods

To a greater degree with respect to durable goods other than cars, 1956 is a year of opportunity. With new homes and additions to homes being built at a continuing high rate, and with continued high birth rates resulting in larger families occupying those homes, there will be an accompanying need to equip those homes. If you are in the field of furniture and household equipment, you have the challenge of convincing the consumer that your current offerings are a real value for his money. If you do, then his present stock of goods is no deterrent to your prosperity in 1956.

"Does the consumer have misgivings with respect to his own future?" The interim **Survey** made by the Survey Research Center in June 1955 and again in October 1955 showed that the percentage expecting their income to decrease in the year ahead continued at the low level of February 1955, referred to earlier. The percentage who expected their income to increase in the year ahead, or to be the same, remained at the high level attained last February.

While we're talking about the **Survey** material, we should also mention that in October, consumers still thought that it was as good a time to buy goods as they had earlier in the year. Upper income families were less sure of that fact, and were more conscious of what they called "high prices" and increasing prices. Whether that attitude will reduce postponable purchases will be a crucial question to which no definite answer can be given. I wish we had available now the results of the **Survey** being made at the present time by the Survey Research Center for the Federal Reserve Board. These results will normally be published in the **Federal Reserve Bulletin** appearing late in May, although preliminary releases may appear in the Press somewhat earlier.

Debt Ratio Extent

That brings us to the third question, "Will unwillingness to assume consumer debt deter the purchase of consumer durable goods?" During 1955, consumer installment debt increased by an unprecedented amount, $5.4 billion, at an unprecedented rate, by 25%, to almost $28 billion. If we compare that figure with the $2.5 billion outstanding at the end of 1945, the elevenfold increase in 10 years is staggering. So, too, is the thirtyfold increase in automobile paper over the last ten years. But such a comparison is absurd, because the amount outstanding at the end of the War was an abnormally low figure, and reflected a substantial decline during the war period when consumers retired their debts in advance of maturity, because of high incomes, and when they incurred relatively little debt, because of the absence of consumer durable goods. In addition, practically everyone recognizes that dollar aggregates have been reaching new highs year after year in all areas of the American economy.

There is no completely satisfactory way of determining whether the volume of consumer debt has become too high in relation to the volume of economic activity, or whether the rate of change has been too rapid, in relation to other changes in the national economy. Faced with this problem, many analysts have used the ratio of consumer debt outstanding to consumer income after taxes, as a reasonably suitable measure. This ratio showed new highs practically each month throughout 1955.

For the purpose of our discussion this ratio is probably the most satisfactory one that exists. What does it show? In making a comparison, most analysts select a date just before the war, such as 1939, 1940, or 1941. Let us use 1940, the last calendar year before hostilities began, even though consumer credit was higher in the following year. At the end of 1940, total short-term consumer debt amounted to 11.0% of consumer income after taxes; currently it is 13.1%. Instalment debt at the end of 1940 was 7.2% of consumer income after taxes; currently it is 10.0%.

Several factors explain the growth in instalment credit which has persisted year after year:

First, the year, 1940, was still part of the economic doldrums of the '30's, when there was still widespread unemployment and a consequent hesitancy to assume obligations and to acquire durable goods.

Second, since the War, the opposite has been true. More and more families have a wider margin of income over the amounts necessary for mere subsistence spending. For example, in 1941, 85% of American families had an annual money income before taxes of less than $3,000. In 1953 only 37% were in this income group, and 52% had an income of from $3,000 to $7,500 a year. Even taking account of the change in price level, more and more families have a larger proportionate amount available with which to buy consumer durable goods and to reduce instalment contracts.

Third, changes in our social structure and living habits have also been conducive to the acquisition of family fixed assets. The lack of "household help" has made even middle income families dependent upon appliances to assist in household duties. Instalment payments on such labor-saving devices merely replaces the obligation to pay wages to former servants. Nine out of ten

family heads go to work by car, according to a recent survey made by "U. S. News and World Report." Payments on the car, to some degree at least, replace former transportation expenses.

Fourth, over the years there has been an increased acceptance of the use of consumer credit by an ever-widening group of families. The growth of private and public pension funds, hospital and medical insurance, unemployment compensation, etc., have made families more willing and better able to acquire family assets through the use of credit.

Fifth, there has been a continued expansion of instalment credit into new areas. This is reflected in the replacement of accommodation single-payment loans in banks, and in the widespread adoption of revolving credit plans by department stores for articles formerly available only on a charge account or cash basis.

Sixth, there has been a progressive relaxation in the terms required on time payment contracts. This relaxation reflected in part the disappearance of Regulation W, limiting terms. But it also reflects to a marked degree a necessary adjustment to the higher prices paid for major consumer durable goods. For example, the price which new car buyers expected to pay (in 1954 dollars) rose from $2,030 in 1951, to $2,500 in 1953, and $2,700 in 1955, according to the **Survey of Consumer Finances.** This rise in the price which buyers expected to pay reflected the prevailing tendency of new car buyers to demand the latest improvements and more accessories. Similar illustrations could be cited for other products. By lengthening terms, dealers kept monthly payments in line with the income of the mass of purchasers.

These six factors all contribute to a growth in the volume of instalment credit, and are reflected in the increased ratio of instalment credit to national income figures, such as consumer income after taxes. These factors represent long-term trends and will, in my opinion, continue. Thus, it is probable that the ratio of instalment credit to consumer income after taxes will continue to increase in years to come.

To a distinct degree what we have just been saying is a digression. The consumer who buys durable goods and who increases his debt does not look at national aggregates. He is not affected either by national dollar totals or ratios based on them. His decisions are made on the basis of his individual situation, on the basis of his debt and his income.

Now what was, and is, the situation with respect to the mass of consumers in the country? Have they incurred such an amount of debt as to deter them from buying consumer durable goods? The evidence does not justify such a conclusion.

The Federal Reserve **Survey of Consumer Finances** made early in 1955 provides the latest information available. It showed that 43% of the 54 million spending units in the United States had some short-term consumer instalment debt. Three-fifths of those owed less than $500. Generally speaking, among those with debt, the higher the income of the family, the higher the amount of consumer debt. The **Survey** also showed that nearly one-third of those with short-term consumer debt held liquid assets in excess of their debt.

Let us ask further—have these people overloaded themselves? How much of a burden does the repayment entail? Debt repayment required 20% or more of income (after taxes) in the case of 12% of the 54 million spending units, and 40% or more of monthly income in 2% of the cases. On the basis of this **Survey**, the 12% or approximately 6 million of the 54 million spending units in the United States are potentially candidates for trouble, and the 2%, or 1 million families, would almost certainly be in trouble if their income declines significantly. Actually, these figures are an over-statement because in the **Survey** the amount of monthly payment in 1955 was related to 1954 annual income. A certain proportion of those people had improved their financial position by early '55 and their debt had been incurred on the basis of that improvement.

Some of you are thinking, and rightly so, that those with short-term instalment debt also have long-term or home mortgage debt. For a moment, therefore, I will refer to the total burden, and not merely that resulting from short-term instalment debt. The **Survey of Consumer Finances,** at the beginning of 1954 (published in the July, 1954, **Federal Reserve Bulletin**), contained figures on the total monthly payment required to pay off short-term debt, plus such other fixed payments as rent, payments on mortgages, property taxes, life insurance, social security and pension funds. On the average (i. e., median), the total of such fixed payments for all spending units was about $60 a month, or 22% of average consumer income after taxes. For one-sixth of the spending units, the total of all of these fixed claims exceeded 40% of the monthly consumer income after taxes. While the 1955 **Survey** contained no figures on the total monthly payment required, these figures for 1954 appear consistent with the picture shown by the 1955 short-term figures.

Let me revert again to short-term consumer instalment debt, and call your attention to the fact that one-quarter of those with debt, at the time of the interview in early 1955, would have it all paid off within six months according to schedule. Two-thirds would have it all paid off within a year. These facts emphasize the comparatively consistent and rapid rate of repayment and indicate that there are really no statistics available which will tell us what the situation is, today. However, I am encouraged by the available evidence. Let me quote two statements. As recently as October, Dr. Grover C. Ensley, staff director of the Joint Committee on the Economic Report, said: "The balance sheet of consumers was never better than it is today." Dr. Gabriel Hauge, the President's Special Assistant on Economic Affairs, was quoted in the **"Washington Post"** of Nov. 5, as saying, "The consumer is still about as good a risk as the American lender has."

Let us add two more facts to complete this portion of our analysis. The bulk of the instalment debt is concentrated in the middle income groups. In fact, if we set up four characteristics we can pretty well describe those with short-term instalment debt. The typical debtor is the head of a family; he is between 18 and 45 years of age; he has an income of $3,000 to $7,500 a year; and he has one or more children below the age of 18. Among this group, four out of every five families had short-term instalment debt. This is the period in life when family responsibilities grow more rapidly than income. It is the period in life in which incomes are increasing. This is the group which was the least adversely affected in the two minor recessions that we had in recent years.

Another fact that was revealed by the Federal Reserve **Survey** has received relatively little attention. People who have utilized consumer credit to buy durable goods are likely to do so again within a relatively short period of time after they have paid down or paid off their obligations. This emphasizes the very basic fact that the average American family, at the period in life when its needs are expanding more rapidly than income, uses and re-uses consumer credit to acquire those family fixed assets which are an increasingly important part of the American scale of living. Yes, consumer credit is a goose whose golden eggs benefit manufacturer, distributor, retailer and consumer alike. Is it necessary to point out that it is foolhardy to impair its egg-laying powers—even temporarily—through the use of ridiculous terms?

It is appropriate to summarize our conclusions briefly. Goods will be in ample supply. Consumer incomes will remain at or near record levels. Consumers may be expected to spend at a high rate because they have confidence in their own future. With the exception of the automobile field, the 1955 sales do not seem to have preempted any significant share of the 1956 market, provided that consumers are convinced that the articles offered represent good values. The quantity of consumer debt now in existence need not deter a high level of purchase of consumer durable goods, because relatively few consumer spending units have overloaded themselves with debt. The rate of repayment should also not interfere with increased sales of consumer non-durables and services.

Just a brief look at the long-term outlook.

Both official and unofficial forecasters, amateur and professional, predict continued higher output by the American economy, and rising standards of living, if, in the words of President Eisenhower: "we manage our affairs wisely and adhere to policies which evoke a maximum of private initiative and enterprise."

We can look forward to having a national production of goods and services twenty years from now, of 2 or 2½ times the present total (in terms of present prices). The average wage earner, whose income today is from $3,000 to $7,500 a year, will earn from $5,000 to $12,000 or $15,000 twenty years from now.

The inherent drive in the American people for improvement in their own lot and that of their families will not change. It is the key to our emphasis on education and vocational improvement; it is the key to our desire for physical goods; it is the key to our desire for leisure in which to enjoy the fruits of our labors, to seek spiritual enrichment, to visit the beauty spots of our country and the world. It is a drive which does not exist in those countries where people find themselves frozen to the lot to which they were born and thus, through frustration become victims of communistic appeals. This American drive for self-improvement is an important factor in increasing our needs and our desires as fast as our incomes permit.

But if mass demand is to be sustained and progressively expanded, the average family must be able to continue its sound use of consumer credit. Its volume must grow to keep pace. The average family needs the **convenience** of charge accounts for its day-to-day transactions, the use of the time-payment plan to **raise** its scale of living, and the **safety valve** of personal instalment cash lending to enable it to meet those emergencies which are unavoidable in a free economy.

Draper, Sears Adds

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Ernest G. Israel is now connected with Draper, Sears & Co., 50 Congress Street, members of the New York and Boston Stock Exchanges.

Securities Salesman's Corner

By JOHN DUTTON

Mutual Funds Are Not the Only Culprits

There are so many printing firms that are waxing fat preparing documents, data, and what is supposed to be sales literature, for the investment business that I am sure anything I say in my little piece this week will not be too harmful to their profit picture. In recent years I have tried to make a collection of advertising that is used by the Mutual Funds, certain underwriters, and some retail securities firms. A more forbidding, overworded, restricted and uninteresting accumulation of printed material I don't believe you will find in any phase of sales promotion. It all cost money, took time to prepare, and used up plenty of paper and ink. (Also postage).

I have yet to see a down-to-earth explanation of the fact that Mutual Funds are in essence a METHOD OF INVESTMENT rather than a way the average investor can diversify, obtain careful selection of securities, trusteeship, supervision, etc. All these things are a methodology of attempting to achieve a result. And it is the result in which people are interested. Here we have a multi-billion dollar industry that as yet has not organized itself sufficiently to place one single ad (to my knowledge) in a widely read publication that will tell the public (in simple lay terms) about this METHOD of investing, which is as unique as life insurance and designed for as specific a purpose. But they are spending sizable sums for "Blurbs" which they offer to retail organizations such as mail pieces, prospectuses, and carefully phrased circumscribed explanations of technicalities. I am no direct mail advertising expert but I am a salesman and I find most of the stuff the funds prepare USELESS. I also have heard the excuses — NASD and SEC. Then why don't they get together and see what they can do about it in WASHINGTON. They are becoming big boys now, and, although it took the funds about 26 years to reach present status, progress should not be hamstrung by the same restrictive straitjackets under which they have labored in the past.

Other Impediments

Red Herring prospectuses are worse than useless. Why mail them? Would you try to sell any other product without giving your prospective customer the selling price and other pertinent data? I have received many such documents pertaining to new issues of convertible debentures, but the conversion price and terms of same have been deleted. The printing and the paper otherwise was voluminous, yet the most important data was not there. The rules which compel underwriters and distributors of securities to mail out this type of data, and also pay good money to do it, from a sales standpoint is not only silly, it is worse, it is compulsive idiocy.

People do not want to know how the aeroplane works, they are not interested in aerodynamics, they buy a ticket and they want to go somewhere. The only answer to all this foolishness is to make it mandatory upon the Funds, and other creators and purveyors of investments in securities, to make full disclosure available to people who would like to have it. But at the same time also allow the delivery of highlighted descriptive literature which briefly outlines the salient factors involved in each individual investment.

The Paternalistic Approach

Of recent years we have deemed it advisable to go to great lengths to insulate people from their own laziness, indolence, and lack of self-reliance. In the securities legislation now on our books, we have carried this idea to such an extreme that it is not possible to write a simple and describing Mutual Funds and offering literature pertaining to them without having these ads O.K.'ed by appointed officials who themselves don't always know what is wheat and what is chaff. They have ideas but few delineated rules. The reason for this is obvious . . . you can't make rules that are specific to cover an ambiguous area of performance. What will protect citizen A may not protect citizen B . . . only FRAUD IS DETERMINABLE BY LAW.

Is there an answer to all this? Possibly so, but it won't come unless there is a change in the thinking of the people and this must come from a realization that when you are born into this world you can't expect someone else to carry you around in a satin covered basket all the rest of your days. The people who have been successful investors worked at it, and so did their financial advisors, salesmen, customer's representatives and all the rest of us who have the responsibility of obtaining the capital for American industry. The bureaucrats, politicians and sideline kibitzers have contributed IMPEDIMENTS.

R. Lambourne Treas. Of Ford Foundation

The election of Richard W. Lambourne as Treasurer of The Ford Foundation, by the Board of Trustees, has been announced by H. Rowan Gaither, Jr., President of the Foundation. Mr. Lambourne is a partner in the firm of Dodge and Cox, of San Francisco, where he exercized management of investment portfolios of individuals, trusts and corporations. He will assume his new duties with The Ford Foundation as soon as he can terminate his present business commitments.

R. W. Lambourne

The business experience of the newly-elected Foundation Treasurer also includes associations with the Walker Bank and Trust Company of Salt Lake City and the Guaranty Trust Company of New York.

With Continental Secs.

(Special to THE FINANCIAL CHRONICLE)

GRAND RAPIDS, Mich. — Menno F. Haan is now with Continental Securities Co., Inc., Peoples National Bank Building.

2 With State Bond & Mtg.

(Special to THE FINANCIAL CHRONICLE)

NEW ULM, Minn.—Levine E. Bloom and John H. Callahan are now with State Bond & Mortgage Company, 28 North Minnesota St.

Joins Wm. C. Roney

(Special to THE FINANCIAL CHRONICLE)

GRAND RAPIDS, Mich. — Robert I. Foote has become affiliated with Wm. C. Roney & Co., Grand Rapids National Bank Bldg.

Glenn Taylor Joins Refsnes, Ely, Beck

PHOENIX, Ariz. — Glenn C. Taylor, widely known Arizona banker and civic leader, has joined Refsnes, Ely, Beck & Co., 112 West Adams Street, members of the New York Stock Exchange, as a registered representative, according to J. E. Refsnes, a partner in the Phoenix investment firm.

Glenn C. Taylor

Mr. Taylor, a native Iowan, came to Arizona in 1926 and became associated with the Valley Bank and Trust Co., predecessor of the Valley National Bank. He served this organization for many years as a Director and Senior Vice-President. He resigned in 1951 after a serious illness.

After a complete recovery, Mr. Taylor founded the First State Bank of Arizona in November in 1951 and served as its President until it was merged with the Bank of Douglas in July 1955, continuing as a director through the end of the year. He was also a director of the Bank of Flagstaff and the Allison Steel Co., Phoenix. He is currently Secretary and a director of the Valley National Co.—Insurance.

Refsnes, Ely, Beck and Co. is this year celebrating its 25th anniversary. J. E. Refsnes, Sims Ely, Jr. and Paul D. Beck were formerly associated with Mr. Taylor in the Valley Bank prior to forming their investment firm in 1931. J. L. Refsnes, a son of J. E. Refsnes, is also a Partner.

With Ohio Company

(Special to THE FINANCIAL CHRONICLE)

COLUMBUS, Ohio—W. Roger Levering has become affiliated with The Ohio Company, 15 North High Street.

Joins Greene & Ladd

(Special to THE FINANCIAL CHRONICLE)

DAYTON, Ohio—Paul E. Sauter is now with Greene & Ladd, Third National Bank Building, members of the New York Stock Exchange.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The Government market continues to operate under the influences of a boiling stock market, higher rates for brokers loans, rising industrial prices, and a large amount of confidence or even some overconfidence about the future of the economy, all of which adds up to an inflationary type of psychology. Because of these factors, the policies of the monetary authorities continue to keep the money markets under restraint, even though some of the components in the industrial index of activity have shown a downward trend.

The near-term issues are in good demand once more, with the passing of the income tax payment period, because corporations are again putting sizable amounts into these securities, with others than Governments now getting attention in these commitments. The new issue, the 2⅝% due June 15, 1958, continues to find favor among those that have investible funds, while the longest term bonds are milling back and forth in a not too significant trend because of the somewhat lessened interest, along with a limited amount selling in these bonds.

Corporations Important Investors

The demand for short-term obligations continues to be very strong, principally because corporations are putting money to work in this kind of security. The March 15 income tax payments have been taken care of and, in spite of some rather sizable borrowing in certain instances, there seems to be an ample amount of funds seeking an outset in the near-term maturities. To be sure, the Government issues of short maturity are still the most favored mediums for the placing of corporation funds. Nonetheless, the competition from other forms of short-term securities for the funds of corporations is on the increase, with certain corporates, finance paper and tax exempt issues apparently coming into this picture in a more important way.

It is very evident that corporations are rather conscious about keeping cash funds at work in order to add to their earnings. This has made these large buyers of near-term issues very important factors in the money market. It is expected that they will continue to seek channels, other than Government obligations, in a bigger way for the investment of cash resources, with the tax-exempt field evidently holding out the best prospects for such developments.

Business Pattern Under Close Scrutiny

The business pattern is still the dominant force as far as the Government market is concerned, and its trend is being watched as closely as ever because what happens there will no doubt dictate the future action of the monetary authorities. It seems as though there is a considerable mount of agreement about the course which industrial activity has been taking, with the peak evidently having been past in the last month of 1955, according to most of the experts. Since then, it is indicated that the business pattern has entered what is being termed a plateau, with a modest decline in trend being noted.

What appears to be all important now is whether this minor downward course, noted so far, will be accentuated or will it flatten out as seems to be the case in certain of the elements which are used to make up the index of industrial activity. There appears, however, to be no doubt in the minds of most money market specialists but what a turndown in the economic pattern of any consequence will lead to a change in the policies of the powers that be.

Monetary Authorities Eye Stock Market

It is believed that action of the equity market, with its booming strength, is one of the most important reasons why the monetary authorities have kept the pressure on the money markets. It is not the amount of credit which is going into the stock market being the reason for this because loans have shown only a minor increase. It is evident that it is the psychological effect which a rising equity market has upon the people as a whole, as well as on the policies and programs of corporations that the monetary authorities are concerned about. This optimism about the future of the economy could lead to overconfidence and this perhaps is what the stock market is portraying at the present time. Also this confidence factor brings pressure to bear on prices and this appears to be one of the important reasons for the uptrend in industrial prices. Because the inflationary tendencies are still important, the monetary authorities are keeping the money market under wraps.

Government Market on Defensive

Even though a defensive tone is found in certain sections of the Government market, there does not appear to be any great change in the demand and supply forces for these securities, because it seems as though the waiting attitude which is prevalent towards many of these issues has narrowed the market about as much as it is likely to. A minor amount of buying would have a very marked influence upon quotations of these obligations.

With Roger Gormican

(Special to THE FINANCIAL CHRONICLE)

FOND DU LAC, Wis.—Roberg G. French is now connected with Roger Gormican, National Exchange Bank Building.

B. C. Morton Adds

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich. — William O. Sexton, Jr., has been added to the staff of B. C. Morton & Co., Penobscot Building.

With Andrew C. Reid

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich. — John T. Goodman has been connected with Andrew C. Reid & Company, Ford Building, members of the Detroit Stock Exchange.

Two With Paine, Webber

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich. — Joseph W. Benton and Duane G. Jensen are now with Paine, Webber, Jackson & Curtis, Penobscot Building.

Continued from page 9

The Canadian Adventure And Influencing Forces

over the same period, and measured in the same way, can claim a Gross National Product only slightly more than double the 1938 figure.

In the language of the businessman, Canada's spectacular decade of economic growth appears to rest on two factors: first, unusually favorable market conditions abroad and at home for products which Canada was able to provide with a maximum of economy and efficiency; and, second, the ready availability of needed capital.

Canadians, therefore, can thank their lucky stars that, like Americans, they live in a political climate still favorable to the free market, in which the twin forces of supply and demand are still able, without the conscious tampering of public planners, to combine forces in a tremendous upward thrust of economic progress.

I would be doing a disservice both to my American friends and to my fellow Canadians, however, were I to leave you with the impression that the Canadian economy is recession-proof. No country which looks to export markets for more than 20% of Gross National Income, as does Canada, can claim immunity from the effects either of recession or of inflation abroad. No country which relies upon capital imports, to the extent that is presently the case in Canada, to keep the disquieting trade gap with the United States from disrupting its balance-of-payments, can be wholly confident that storm clouds may not sometime appear on the economic horizon.

This adverse trade balance with the United States, distorted international trade patterns aggravated by man-made conditions of surplus, particularly in respect of agriculture, together with the persistent adherence of many countries to import quotas and exchange controls, are among the reasons Canadians have welcomed the recent decision of their government to appoint a Royal Commission on Canada's Economic Prospects, whose task it is to project the country's growth trends and thus to provide markers to assist them in formulating their economic plans for the future.

IV

I mentioned at the beginning of my remarks that a factor of importance in the Canadian Adventure was the existence of a politico-economic heritage common to both our countries. I should like to conclude with a few observations touching upon this point.

Both Americans and Canadians take justifiable pride in the stability and democratic nature of their political institutions. You in the United States rightly uphold the fundamental law of the Constitution, with its intricate system of checks and balances the purpose of which is to forestall any abuse of political power and to preserve the dignity and integrity of the individual.

Canadians are no less proud of their political institutions, equally dedicated to freedom and enshrined in the concepts of Parliamentary democracy, responsible government and the Rule of Law.

I venture to suggest, however, that the foundations of our economic institutions are far less firmly established in the public mind.

A major development that has occurred in our time is the growth of big government, big labor and big business. I name them in that order as indicative of their relative growth in power and influence.

I direct your attention to this phenomenon of our time, not with any intention of proclaiming against it, but rather to ask ourselves what changes in the economic climate have occurred or may be brought about by these forces. Where are they leading us? Is the vitality and flexibility of our free enterprise system being strengthened or weakened by these great concentrations of power in the hands of government, organized labor and big business?

In trying to answer that question, we should remember that the free market is the foundation of our competitive enterprise system and it is also one of the cornerstones of our democratic way of life. Take away a man's freedom of choice on the market place and you have seriously impaired his economic liberty. Restrict a man's right to sell his labor or his product, restrict a man's right to buy a product or a service and you deny the function of the market.

You may wonder why I talk this way when as a generality it can be said that things appear to be in good balance on the economic front; confidence is high, and the economy is operating in top gear. We have been told, and I am quite prepared to accept the statement, that we now have built-in stabilizers in our economy—devices that will keep us on the high road of prosperity and prevent us from skidding into the morass of depression. Being an engineer and not an economist, I would not care to pass upon the efficacy of these economic stabilizers. Obviously they include such things as credit control, budgetary manipulations and government payments to individuals in the form (in my country) of unemployment insurance, family allowances, and old age pensions. To the extent that fluctuations in business conditions can be ascribed to the vagaries of our money and credit system, it seems, to a layman at least, that these devices may have some merit—in principle at any rate. Social security payments can be defended, up to a point, on humanitarian grounds and, on these grounds alone, they are rapidly disappearing from the realm of controversy.

But I suggest that no matter how effective these stabilizers may be in monetary control or in putting a floor under personal income to cushion the effects of adversity, there will still be need for flexibility in our pricing system to meet the changing realities of supply and demand on the market.

While we are on this subject, I have heard that some economists believe a little inflation is a good thing—a sort of tonic that keeps the economy from growing sluggish. This may be true, but I don't think we remind ourselves often enough that a lot of inflation is a very bad thing. We forget too easily that the inflation which took place during and after World War II wiped out half the savings of our people held in bonds, mortgages, insurance, pensions and cash. Aside from the moral implications of inflation, even when administered in small doses, the economic consequences of an overdose are, as we all know, shattering and terrifying.

Is full employment, however, to be purchased at the cost of inflation and can it be assured in this manner? Are we consciously

or unconsciously yielding to inflation as a means of satisfying the demands of highly organized pressure groups on the economic front? Can the pressure groups escape the dictates of the market? If so, do they not in fact abandon the market economy? What then takes the place of the market economy?

The cold war demands that the economies of our two countries remain strong and resilient. Our governments are constrained to a policy of full employment for external as well as for domestic reasons, but in implementing that policy, we should rely more upon resourcefulness and flexibility and less upon artificial regidities and stimulants. Our goal is the preservation of political freedom and of economic freedom. Our problem is to defend these freedoms without strangling them in the process.

Central States to Sponsor TV Program

CHICAGO, Ill. — The Central States Group of the Investment Bankers Association is going to produce a television show on Channel 11 in Chicago on the subject of investments. The show will be called "Ticker Tape" and will be a series of ten 30-minute shows on Thursday nights from 8 to 8:30 from April 12 to June 14, inclusive. This is the Group's answer to and an elaboration on the Invest In America idea, and further reflects the need for an educational program as a result of the recent survey by the New York Stock Exchange.

It will be a panel-type show featuring Sam Lyons, Editor of "Finance Magazine," as moderator. Panel members will be representatives of various firms in the Central States Group and guests will be invited to appear on the shows to ask questions about investments.

In an effort to give the show professional status the Group has retained R. W. Phillips, Jr. of Radio Station WSEL to produce the show and Oscar Beveridge, public relations counsel, as publicity director. Willis Hamilton of A. C. Allyn & Co. will be working with Mr. Beveridge on publicity, and Stanley Wirt of A. G. Becker & Co. will be working with Mr. Phillips on the show. Erwin A. Stuebner of Kidder, Peabody & Co. has also been a member of the planning committee.

It is planned to make a film of each show which would then be available to members of the Central States Group outside of Chicago, as well as investment groups elsewhere in the country for showing on local stations.

Form So. Inv. Secs.

BIRMINGHAM, Ala.—Southern Investments Securities Inc. has been formed with offices in the Farley Building to engage in a securities business. The firm will also have a branch at 209 St. Louis, Mobile.

C. S. Ashmun Adds

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, Minn.—Philip L. Griffin is now with C. S. Ashman Company, First National Soo Line Building.

2 With Minneapolis Assoc.

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, Minn.—Eugene V. Hunze and Clayton B. Moen are now affiliated with Minneapolis Associates, Inc., Rand Tower.

Joins Smith, La Hue

(Special to THE FINANCIAL CHRONICLE)

ST. PAUL, Minn. — Robert M. Hartelt is now connected with Smith, La Hue & Co., Pioneer Building.

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Monetary Controls' Impact Upon Mortgage Banking

these loans are controlled, and have a maximum of 4½%. In a conventional loan the increase in interest cost is spread over the monthly payments for the term of the loan, but in the case of VA and FHA loans the effect of the increase in yield is concentrated in the discount which becomes larger as interest rates go higher. The technicality of a fixed rate, and the accompanying discount, create a special problem in periods of tight money for all who use or facilitate VA and FHA financing. The Federal Reserve is not responsible for the controlled interest rate policy on these loans, but increases in interest rates, for which the Federal Reserve is partly responsible, do affect certain loans more than others.

Credit Curtailment

We turn next to the effects on mortgage bankers of the curtailment by the Federal Reserve Board of the size of the pool of reserve funds. We should understand that the recent regulation of the Board has been general in nature, except in the field of margin requirements on securities. The Board's policy of restricting the pool of reserve funds operates to restrict credit expansion on an overall basis. It restricts the total volume of credit, and is not aimed at restricting the production and consumption of particular products or services. The Board does not have power at present to control real estate credit or consumer credit, nor has it recently requested such authority. The Board's control over the pool of reserves influences most directly the operations of commercial banks, and these operations in turn indirectly influence other financial institutions and markets. The one qualification that should be made is that the Board has tended to focus attention somewhat on the rapid increases in commercial bank loans on real estate mortgages and loans based on consumer credit, as before mentioned. This probably has had the effect of causing certain commercial banks to review their loans in these areas, and may have resulted in some curtailment in volume of such loans.

A first effect of the general curtailment of credit was that investors, such as life insurance companies and mutual savings banks, became more selective. Credit standards applicable to borrowers were raised, loan maturities were shortened, and required downpayments were increased. You are all familiar with such changes in the past year. Some of the agencies in Washington, other than the Federal Reserve Board, took steps along these lines.

Other effects were that mortgage bankers found it more difficult to get temporary credit accommodation from banks, and also that it became increasingly difficult to secure the desired volume of commitments from investors. Some of you have shown substantial borrowings from banks on your financial statements, and probably encountered difficulties in arranging such credits. It has been difficult to find buyers for your loans on a satisfactory basis. Nevertheless, as a group, mortgage bankers had a splendid year in 1955. The record shows that the net increase in mortgage debt was $16.7 billion, the greatest in history. This figure is the net increase in debt, which is the remainder after deduction of payoffs and amortization payments from the volume of new loans. You had fine treatment from investors. Mutual savings banks increased their net holdings of mortgage loans by $2.4 billion, while the increase in their savings deposits was only $1.8 billion. They sold government bonds and other securities to raise money to invest in mortgages. Life insurance companies increased their net holdings of mortgage loans by $3.2 billion, the biggest increase in their history. Savings and loan associations also had their biggest increase. The major reason for the scarcity of mortgage loan funds in 1955, then, was not either Federal Reserve policy or a small supply of investment funds. The major reason was a very substantial increase in the demand for such funds. Net funds flowing into mortgage financing grew from $9.8 billion in 1953, to $12.5 billion in 1954, and to $16.7 billion in 1955.

It is true that a more liberal policy on the part of the Federal Reserve authorities would have increased the supply of funds available for mortgage loans in 1955. However, as you analyze the economic and financial trends of the past year, you can see why the Board was becoming concerned. If they are to promote stability in the economy and in prices, there are times when they must take action to restrain a boom and inflation as well as other periods when they take steps to facilitate expansion. As you consider your responsibilities to help restrain inflation in the housing field, and to contribute toward a more stable economy, you will probably support the restrictive policies that were adopted. These policies add to the problems of the moment, but we hope will be of advantage over the longer period.

G. D. B. Bonbright to Admit E. Cunningham

ROCHESTER, N. Y. — Eugene H. Cunningham on April 1 will become a partner in George D. B. Bonbright & Co., Powers Building, members of the New York Stock Exchange. Mr. Cunningham is manager of the firm's mutual funds department.

Form Paul Haberman Co.

Paul H. Haberman on April 5 will acquire a membership in the New York Stock Exchange, and will form Paul H. Haberman & Co. in partnership with Maurice Haberman and Irving Zauderer. Offices will be maintained at 41 East 57th Street and 15 Broad Street, New York City. Mr. Haberman, a member of the American Stock Exchange, is a partner in Haberman & Co.

Adolf Schrijver to Be N. Y. S. E. Member

Adolf L. Schrijver on April 5 will acquire a membership in the New York Stock Exchange, and his firm, Schrijver & Co., will become an Exchange member. Mr. Schrijver will be a general partner in the firm and Charles H. Baudoin limited partner. Offices will be at 37 Wall Street, New York City.

B. C. Christopher Adds

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo.—Walter L. North has been added to the staff of B. C. Christopher & Co., Board of Trade Building, members of the New York Stock Exchange. He was formerly with Waddell & Reed, Inc.

Railroad Securities

By GERALD D. McKEEVER

Pre-Tax Profit Margins — 1955 vs. 1954

Last week's column presented a comparison of Transportation Ratios of selected roads. As a supplement to this we have prepared a comparative tabulation of Pre-Tax Profit Margin Ratios for 1955 as against 1954. As would be expected, they are generally better for 1955, the only exceptions among the roads listed below being in the case of the Burlington, the "Katy," two flood victims, namely the Lackawanna and the New Haven, and the Monon, which latter shows no change. These ratios represent the percentage of gross revenues carried through to Net Operating Income before charging Federal income taxes actually paid by the roads in 1955 and 1954. The advantage of this ratio is that the elimination of the tax avoids such distortion as would result from varying effective tax rates which differ from one road to another according to the amount of tax credits in any case either from deferral due to accelerated amortization or retirement of non-depreciable property, or from carry-forward of prior year's losses.

On the other hand, this ratio does possess the fault of reflecting widely differing rates of maintenance from one road to another. It therefore should not be considered uncritically or the wrong conclusion might seem to be indicated. For instance, the New York Central and the upper quality Southern Pacific show exactly the same profit margin ratio for 1955 as do the Erie and the widely favored Atlantic Coast Line, while the Boston & Maine shows up better by this measure than any of the other four. Without some explanation this would be most confusing.

A good rule is to base classification only on longer term characteristics. Roads which customarily show pre-tax margins well above the Class I average deserve best consideration as a general rule, but here also, subject to notable exceptions. Reading Company, for instance, customarily shows a better margin than the Southern Pacific, but due to differences in growth factor and capitalization, the equities of these two roads are widely disparate from an investment standpoint. A more evident *non sequitur* is in the case of the St. Louis-San Francisco which ranks ahead of the Union Pacific on the basis of 1955 profit margin ratios. There are numerous differences in this case which the margin of pre-tax Net Operating Income does not reflect. Uppermost are the more conservative capitalization of the Union Pacific, its resultant lower interest cost factor and the large element of non-operating income which this road enjoys. Both the non-operating income factor and the proportionately lower fixed charges, which latter stems from the combination of lower debt ratio and lower interest cost rate, are reflected in another study—the percentage of gross revenues carried through to pre-tax net income.

In spite of its fallibility in individual cases, the Pre-tax Margin is a widely-used "statistic" among rail analysts. It is obvious from the foregoing, however, that this measure should be taken seriously only by those who are sufficiently familiar with the field to interpret the statistics correctly. As a general matter, nevertheless, the Pre-Tax Margin Ratio, like the Transportation Ratio, does provide a basis for rough sorting. With few exceptions, both ratios are less satisfactory for the so-called "official" territory roads—those of the north and East. Notable exceptions to this are provided by the Bangor & Aroostook, Pittsburgh & Lake Erie (not shown in the following), the Wabash, the Reading, and in 1955, the Delaware & Hudson.

Following is a ranking of a selected group of roads in the order of their 1955 Pre-Tax Profit Margin Ratios.

	Millions of Dollars					
	Gross Revenues		Net Oper. Inc. Before Tax		Pre-tax Profit %	%
	1955	1954	1955	1954	1955	1954
Virginian Railway	$44.2	$37.0	$20.0	$13.3	45.2	36.0
Norfolk & Western	208.9	170.1	68.3	41.0	32.7	24.1
Western Maryland	47.4	41.4	15.3	9.0	32.3	21.8
Kansas City Southern	45.6	40.8	14.5	12.0	31.8	29.5
St. Louis Southwestern	66.9	59.1	21.0	15.6	31.4	26.4
Denver & Rio Grande Western	78.4	73.1	23.7	19.7	30.2	26.9
Chesapeake & Ohio	380.3	304.5	104 2	62.0	27.4	20.4
Southern Railway	276.9	249.1	72.3	52.5	26.1	21.1
Bangor & Aroostook	13.3	12.2	3.3	2.2	24.8	18.0
Delaware & Hudson	52 9	49.1	12.8	5.7	24.2	11.5
New York, Chicago & St. Louis	162.3	144.9	38.0	29.9	23.4	20.6
Louisville & Nashville	181.2	196.8	39.5	29.1	21.8	15.2
Atchison, Topeka & Santa Fe	578.0	532.3	124.6	95.3	21.6	17.9
Chicago Great Western	34.5	32.7	7.1	5.6	20.6	17.2
Seaboard Air Line	154.2	149.5	30.9	29.2	20.0	19.5
Western Pacific	53.7	48.1	10.1	6.9	18.8	14.3
Illinois Central	294.5	275 9	53.2	39.4	18.7	14.3
Texas & Pacific	81.0	77.8	14.9	13.1	18.4	16.9
Great Northern	267.1	250.2	47.6	35.3	17.8	14.1
St. Louis-San Francisco	133.4	125.7	22.3	14.8	16.7	11.8
Union Pacific	509.4	481.8	84.0	63.1	16.5	13.1
Reading Company	119.6	109.5	19.1	14.4	16.0	13.1
Class I Average	10,106.4	9,370.8	1,545.1	1,100.2	15.2	11.8
Gulf, Mobile & Ohio	83.7	81.2	12.7	11.7	15.2	14.4
Wabash Railroad	118.6	109.9	18.1	12.1	15.2	11.0
Northern Pacific	183.0	171.6	27.5	17.1	15.0	10.0
Chicago, Burlington & Quincy	249.2	252.3	37.0	39.4	14.9	15.6
Minneapolis & St. Louis	20.9	20.5	3.1	2.8	14.8	13.7
Chicago, Rock Island & Pacific	189.4	187.1	25.5	23.9	13.5	12.8
Minn. St. Paul & S. S. M.	41.6	39.2	5.5	2.8	13.2	7.1
Missouri Pacific System	300.1	285.4	39.5	33.1	13.1	11.6
Monon Railroad	22.3	20.8	2.9	2.7	13.0	13.0
Central of Georgia	43.1	40.0	5.0	4.3	11.6	10.9
Norfolk Southern	10.3	9.9	1.2	0.6	11.6	6.1
Wisconsin Central	30.4	28.8	3.5	1.6	11.5	5.6
Southern Pacific	666.9	626.1	66.4	57.5	9.9	9.2
New York Central	762.7	708.7	75.9	34.8	9.9	4.9
Baltimore & Ohio	432.1	378.1	42.3	29.1	9.8	7.9
Boston & Maine	85.9	81.2	8.2	0.4	9.5	0.5
Lehigh Valley	68.9	65.6	6.4	4.3	9.3	6.6
Chicago & Eastern Illinois	34.4	32.6	3.2	2.8	9.2	8.8
Atlantic Coast Line	158.9	152.0	13.4	11.8	8.4	7.8
Erie R. R.	161.5	152.1	13.6	8.8	8.4	5.8
Missouri-Kansas-Texas	73.2	72.5	6.1	7.0	8.3	9.7
Central R. R. of N. J.	58.3	56.5	4.8	3.9	8.2	6.9
Pennsylvania R. R.	935.0	848.8	70.3	49.6	7.5	5.8
Chicago Milwaukee, St. P. & P.	245.5	237.7	17.2	13.5	7.0	5.7
Chicago & North Western	158.7	158.4	7.7	0.6	3.9	0.3
Delaware, Lackawanna & W.	82 7	78.5	3.1	5.3	3.7	6.7
New York, New Haven & H.	155.1	150.0	5.5	6.0	3.5	4.0

Continued from first page

Trends in Utility Financing

yields have been fluctuating with interest rate changes. Spreads have become relatively narrow between Aaa bonds and Baa bonds. There isn't the difference in yields which prevailed a few years ago and this can be accounted for by the fact that the continuing improvement in the general quality of public utility bonds has resulted in creating a degree of quality for even the lower rated issues which leaves no questions about their integrity.

The preferred stock market hasn't varied even as much as the bond market. Yields here are pretty well in line with what has been prevailing for a while.

In recent months, the yields on common stocks have increased moderately and price-earnings ratios have declined a little. The low point in yields and the high point in price-earnings ratios came late last summer. This was of course, prior to the decline in the market growing due to the President's heart attack. We have had numerous dividend increases of late which seem not to have been altogether reflected in market price and the general level of yields has risen.

In the market for common stocks of investment grade including those of utility companies, an important new factor is working in the form of demand from institutions, many of which were not buyers of common stock until a few years ago. The buying programs of these institutions have a direct impact on the market because they are large buyers, of course. It is only in the past few years that laws have permitted the purchase of common stocks by savings banks in New York and a number of other large Eastern states. The New York life insurance companies have been able to buy common stocks only in the last few years. A considerable amount of trust fund buying has been opened up by the new legislation regarding banks and insurance companies. Pension funds have become important factors in the market. Many institutions such as colleges and hospitals which depend on income from endowment to help meet operating budgets have increased the percentage of common stocks in their portfolio.

As far as individuals are concerned, we have many new investors who have been attracted by the intelligent promotional work of many of the investment houses and it is interesting to note that often the first purchase by a new investor will be the stock of the utility company which serves him because he is familiar with it. Mutual funds have been growing and many small investors are putting money to work through this medium.

While there may have been some modest recession in the utility common stock prices in the recent past, I am still convinced that the long-term trend of prices is upward because of the continuing pressure of money from institutional sources. Furthermore, the fact that utility companies have reached the point at which internal cash provides an increasing proportion of new money requirements may tend to reduce the frequency of common stock offering and thus relieve some of the pressure which has existed in the past from recurring new finances.

Financial Structure

So much for quick comments on the market for different types of securities. Now let's go to the question of how you want to mix these various ingredients in your capital structure. I have just indicated that I am confident that the long-term trend of the common stock market is good. However, we frequently have interruptions in trends and we may strike periods in which the demand for common stocks will not be as good as it has been of late. On the other hand, there is hardly ever a time when bonds cannot be sold at some price. Therefore, I raise this question, if you have any reason for making any change in the composition of your financial structure, is not this the time to think in terms of getting your debt ratio down rather than up? In other words, now seems to be a good time to strengthen your financial structure if any strengthening is necessary. When times are good, I feel that a 50% debt ratio is a good maximum mark to shoot for. You can raise this ratio at some later date if markets get tighter.

Going to the common stock equity ratio, I would recall that when the Securities and Exchange Commission was working on the holding company break-ups, a common equity ratio of 25% was regarded as a minimum figure. Within the last few years, however, there has been a change in feelings about the minimum desirable ratio and I would say that 30%, rather than 25%, is now generally regarded as a minimum figure. This change has not come about by any regulatory action but by the expressions of preference on the part of the buying public and by voluntary action of the company managements who have sought to improve the basis of their structure. If you are under 30% in your common stock equity, I would urge you to make a definite effort to raise this figure.

Now the question is how high should this figure be? Here the matter of preference enters in. You are going to please somebody but not everybody, regardless of your approach. Some conservative investors in favor of as broad an equity as possible, other investors favor a lower equity because of the extra leverage which is provided. I would say that when the common stock ratio begins getting up over 40%, I hear a preponderance of complaints that the management has become ultra-conservative and is not giving the common stockholders a break. If 30% is on the low edge of accepted ratios and 40% is on the high edge, then let's say that 35% is a good middle-of-the-road figure. If your common stock equity is too far from this either way, I would suggest that you hold a conference with yourself and be convinced that you have a very good reason, as you may well have, for deviating from this mean.

The preferred stock is the meat in the sandwich in the capital structure. The place of preferred stock in the financial world has never been clearly established. Many investors complained that it is "neither fish, flesh nor fowl." They say that it does not give the security of bonds nor the opportunity of appreciation of common stocks. Some institutions shy away from buying preferred stocks because they say they dislike the idea of being in these investments "from now on." In other words, they feel they can buy bonds at the wrong time in the market and some day will see their money intact again but there is no similar escape from damaging effects of an ill-timed purchase of preferred stocks. A few public utility companies have stuck to debt and common stock in their structure. Nevertheless, preferred stock seems to fill a place in the financing of most public utility companies. There are still enough investors who like the extra return over and above bond yields to provide a satisfactory market. So far as the financial structure, preferred stock is sort of a balancing item to make 100% and there is no strong case for any particular figure. In most instances, it will be, obviously, the least important of the three components of the financial structure.

A question which seems to be asked with increasing frequency is why not use income debentures instead of preferred stock? The reason for the suggestion is that the interest on income debentures would be deductible for Federal income tax purposes whereas preferred dividends are not. Proponents of income debentures point out that interest can be deferred without getting the company in trouble just as cumulative preferred dividends can be suspended. The proponents of using income debentures seem to feel all arguments are in their favor and I admit that logic is on their side but logic does not always prevail. Perhaps, in due course, some move may be made in this direction. You may have noticed that some railroads lately have started using income debentures instead of preferred stock. However, I feel that the regulatory authorities would frown on the use of income debentures by utilities and I question whether you, as the responsible officials of your companies, would want to use them. I think that the whole idea of income debentures smacks too much of the type of security used in the days of holding company abuses and we are not yet far away from that period to want to embrace the unorthodox.

Convertible Securities

Let's talk a minute about convertible securities. These have been and are used successfully to meet certain situations. If the conversion price is to be above the prevailing market for the common stock and nothing in particular is in sight to stimulate the conversion, then it seems their use is desirable only if the structure would take this amount of senior securities appropriately without the conversion feature. On the other hand, if there is something tangible in sight to stimulate conversion at a later date, then I think it is appropriate to increase the debt or preferred stock with a convertible issue, especially if common stock is not saleable now on as good a basis as it will be later on. In other words, companies sometimes find themselves in a situation where they are reasonably sure that certain events will make their common stock more appealing at a later date. In such a situation, it seems quite desirable to use the convertible securities to provide the money when it is needed and yet have these securities convertible into common stock at a price higher than that which prevailed at the time of the sale.

A little different twist has been used successfully by a few companies who have sold convertible debentures with the conversion price approximately in line with the prevailing market for the common stock but with conversion provided for only at some later date. These debentures are sometimes made convertible in different blocks over a period of time. The idea is that while construction is going on the company is getting its equity money at a lower cost than would prevail with immediate issuance of common stock. Yet the fact that the debentures are convertible ultimately into stock at the price prevailing at the time of the issue pretty well assures that conversion will take place when the company is ready.

Subscription Rights

Some of you may weigh the question of whether to use or not to use subscription rights when selling common. This depends partly, of course, on whether your charter or the regulatory authorities to which you are subject, specify use of pre-emptive rights. If you have pre-emptive rights, the question is academic. If not, then there are arguments both ways as to using rights. Generally speaking, stockholders of the companies probably prefer to have rights rather than to forego them. A loyal body of stockholders is always a help in financing plans. On the other hand, there is a nuisance element and a considerable element of expense in the offering of rights. Furthermore, a rights offering to be successful should be made at a price reasonably lower than the prevailing market. In fact, the investing public rather insists on some under-pricing. I have heard some very caustic comment from stockholders who have received rights which have had little or no value. They cannot understand why the company should go through all of the motions of issuing rights if they haven't a reasonable value.

Underwriting Advantages

If you use rights then the question arises as to underwriting. The use of an underwriting group always assures you that your money will be received even if there is a sudden drop in the market which makes your rights unattractive or if a buyer's strike arises from some unexpected source. With the use of underwriting you can hope to get a little better price than if you undertake the transaction independently on the hope that nothing will go wrong because of the need in the latter case of a wider margin between prevailing price and issue price to assure success of the offering. Some companies, quite apart from the underwriting arrangement, pay investment dealers a small commission for any rights exercised through their efforts. I would like to put in a strong plea for more universal adoption of this practice. More than many of you realize, the dealers are called into action when your subscription rights go out. Many investors, especially the private investors, look to the investment dealers for advice as to whether or not to exercise the rights and very frequently they leave the mechanics of handling of the rights to their dealers. The dealer has to give up considerable time in direct contact with the client and then there is the time and expense of the back office involved in handling rights, postage, bookkeeping and other items which mount up. If the dealers get no compensation, the whole transaction is a big out-of-pocket expense for him. I think that fairness dictates that the dealer should have some modest compensation to at least get back his expenses. The use of the oversubscription privilege has proven to be a good method of mopping up the small portion of an offering which usually remains unsubscribed.

Timing Clearing House

One matter I would like to mention in connection with your financing plans is that of timing. One of the plagues which we have had in the financial community is the bunching up of new offerings. This can be a serious matter, not only for us in the Street, but for you gentlemen in the issuing companies. When several issues come to the market simultaneously, the individual companies involved may not fare as well as if they could claim individual attention for their issues. Last year a big step forward was made in scheduling new issues. The Irving Trust Company of New York has set up a clearing house for financing plans and it is now easier than ever before to find out what other companies are doing and to avoid conflicts. I bespeak your cooperation in working with the Irving Trust Company for their plan was set up only after other ideas had been explored and this one seemed to be the best of all concerned.

Competitive Bidding

On the question of competitive bidding as against negotiation transactions, the pattern seems pretty well established in respect to competitive bidding on senior securities, especially if the company is subject to the Holding Company Act or operates in a state where competitive bidding is required. In fact, if the company is subject to the Holding Company Act, it may need to use competitive bidding right down the line including common stock offerings. However, if a company has securities not fully recognized as standard merchandise and is not obliged to use competitive bidding, then I feel there is much to be said in favor of negotiated deals. Underwriting houses with a continuing interest in a company can do much more for it than can be done by a group that simply comes in at the time of competitive bidding and, once the issue is distributed, has no further interest.

On the matter of dividend policy, a problem always comes up because you cannot please everybody. Some people want maximum current return and others seek capital gain with no particular interest in immediate income. These views are conflicting. This brings up the question of who buys utility stocks. Generally speaking, they are conservative investors, whether they are institutions or individuals. The persons playing for large stakes do not commit their money to a regulated industry. Many investors are in utility stocks for the income they produce. The dividend checks help pay their grocery bills and the bigger the checks, the happier these stockholders are. Earnings paid out as dividends mean much more to them than those plowed back. On the other hand, some stockholders in high tax brackets are happy to settle for modest dividends and large reinvestment since they want price appreciation, so as to get the benefit of the lower capital gains tax. The average dividend payout at the present time is running just short of 75% of available earnings. Here again, if you are deviating very much from the norm, you might like to review your policy.

An interesting pioneering venture is just now under way. One of the small companies, Citizens Utilities Company, has set up two classes of stock, a class A which will receive all dividends in stock and class B which will receive dividends in cash. It is too early to report how many stockholders have elected to take each class or to know how the prices of the two classes will compare but the move is attracting attention.

I am very much in favor of the use of a substantial stock dividend or the use of a stock splitting device to keep the market price of common stocks in an area attractive to investors. Surveys which have been made and general experience lead to the conclusion that stocks in the general area around 20 have the most appeal to investors. Certainly when the price gets up to 40 or above, I think you are well advised in considering some form of a split-up. I am not altogether enthusiastic about the smaller stock dividends referring to those in the vicinity of around 5%. Very often these are regarded as something in the way of a nuisance especially by trust companies which have bookkeeping problems on their hands.

While we are on the subject of

dividends, may I urge you to give prompt information to the investing public if you find that any part of your dividends are a return for capital for income tax purposes. Some companies have been slow to release this information and have caused a considerable surprise element.

Going to the subject of stockholder relations, I would say that by this time the need for good and informative annual reports is so well recognized that I need lay little stress here. I think what I miss most often as I go through annual reports is some comment on what the company management sees ahead which will influence earnings one way or the other in the current year. I do not expect management to publish a budget earnings estimate, although occasionally this has been done, but I do think it is entirely reasonable to ask that some space be given to a discussion in a general way of the influences which are seen as having an impact on earnings for the year ahead. There has been less general acceptance of the need for good quarterly reports and I would like to urge that you give your stockholders, if you are not already doing so, a good report along with each dividend check. This should include not only the most recent available earnings figures but also some news about the progress of the company. In other words, once a year is not often enough to keep your stockholders posted.

Let me urge on you the desirability of finding out what people regard negatively about your company or territory and then adroitly provide facts and figures as you have the opportunity to counteract the prejudices which every company has in some form. May I suggest a separate information program for big stockholders and for people in the financial community who are in a position to answer questions and mold opinion about your company. Make up a little list of people of those kind and send them occasionally information about developments in the territory and releases about the company itself. Even if the recipients do not peruse all of this in detail, they will at least get the impression that your company is alive and alert.

Some companies have a program of making personal calls on big stockholders and people in the financial community. This type of thing is well received. People like myself have so many companies to watch, that it is helpful to have a company occasionally bring the facts to us instead of having to hunt them out. Some of the companies in your group have done outstanding jobs in organizing inspection trips for members of financial community. Companies in general are now well enough known and recognized as probably to make elaborate undertakings of this sort unnecessary but you should not lose any opportunity to win better acceptance for your company. Meetings with analyst groups and others in financial centers are very helpful in this connection. It will be well worth your while to get acquainted and to keep in touch with rating agencies. You may be able to work toward higher ratings if you are familiar with what rating agencies want. Sometimes ratings may suffer from unwarranted prejudices and you should work to overcome these prejudices with facts and figures.

The utility companies and the financial community are close partners in this problem of raising money for your expansion. I am sure that I speak for people on my side of the Street when I say that we are most eager to cooperate with you in every way possible.

Continued from page 4

The State of Trade and Industry

country's all-time weekly high of 14,392 units was recorded last April 25-30, it concluded.

Steel Output Placed at 97.5% of Capacity The Current Week

Work stoppages and furnace repairs are hampering the steel industry's efforts to keep production of steel for ingots and castings at capacity, "Steel" magazine declared on Monday of this week.

The national metalworking weekly said these roadblocks caused output to drop to 98.5% of capacity last week, a drop of one point from the previous week.

Four iron and steel producers were hit by work stoppages. "Steel" said such wildcat strikes often come just before labor negotiations, but this year they are earlier than usual, possibly presaging a tough time in June steel negotiations.

Production of steel at capacity rates is taking its toll of furnace life. The publication said enough furnaces were off last week for repairs to trim back the operating rates in several districts. Operations in the 12-state eastern area hit by the winter's worst storm are returning to normal, with most casualties in the form of lost production and sales. Physical damage to facilities appears slight.

The magazine said one district's operations, the New England area, is an exception to the high national production rate. Its rate last week was 82% with the slackening in pace being noted since the start of the year.

The New England situation is not typical of the rest of the nation, the metalworking authority said. Many barometers indicate a strong demand for steel will continue. Strongest is the record $35,000,000 to be spent for new plant and equipment this year.

A "Steel" survey indicates that metalworking expects to boost its capacity by 6% in 1956.

Auto firms alone will spend $1,900,000,000 in 1956 for capital goods expansion, according to the publication. Almost half this amount will be for additional plant area. Most of the expansion will be finished this year and in the early part of 1957, it stated.

Last week, steelmaking scrap went up to $49.83 a gross ton from $49.17 in the preceding week. "Steel's" price composite on finished steel held at $128.02 a net ton.

The American Iron and Steel Institute announced that the operating rate of steel companies having 96.1% of the steelmaking capacity for the entire industry will be at an average of 97.5% of capacity for the week beginning March 26, 1956, equivalent to 2,400,000 tons of ingot and steel for castings as compared with 99.5% of capacity, and 2,449,000 tons (revised) a week ago.

The industry's ingot production rate for the weeks in 1956 is based on annual capacity of 128,363,090 tons as of Jan. 1, 1956.

For the like week a month ago the rate was 99.9% and production 2,459,000 tons. A year ago the actual weekly production was placed at 2,278,000 tons or 94.4%. The operating rate is not comparable because capacity is higher than capacity in 1955. The percentage figures for 1955 are based on annual capacity of 125,-828,310 tons as of Jan. 1, 1955.

Electric Output Receded Last Week From Its Slightly Higher Course in the Preceding Period

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, March 24, 1956, was estimated at 11,134,000,000 kwh., a decrease below the week ended March 17, 1956, according to the Edison Electric Institute.

This week's output declined 68,000,000 kwh. under that of the previous week; it increased 1,227,000,000 kwh. or 12.4% above the comparable 1955 week and 2,643,000,000 kwh. over the like week in 1954.

Car Loadings Declined Further the Past Week

Loadings of revenue freight for the week ended March 17, 1956, decreased 11,616 cars or 1.7% below the preceding week, the Association of American Railroads reports.

Loadings for the week ended March 17, 1956, totaled 685,985 cars, an increase of 35,061 cars, or 5.4% above the corresponding 1955 week, and an increase of 76,026 cars, or 12.5% above the corresponding week in 1954.

U. S. Automotive Output Dipped Slightly the Past Week As a Result of an East Coast Snow Storm

Automotive output for the latest week ended March 23, 1956, according to "Ward's Automotive Reports," declined slightly due to an East Coast snow storm which had a crippling effect on the area in general.

Last week the industry assembled an estimated 129,947 cars, compared with 131,207 (revised) in the previous week. The past week's production total of cars and trucks amounted to 153,692 units, or a decline of 1,254 units below the preceding week's output, states "Ward's."

Last week's car output dipped below that of the previous week by 1,260 cars, and truck output gained by six vehicles during the week. In the corresponding week last year 178,068 cars and 27,391 trucks were assembled.

Last week the agency reported there were 23,745 trucks made in the United States. This compared with 23,739 in the previous week and 27,391 a year ago.

Canadian output last week was placed at 10,320 cars and 2,331 trucks. In the previous week Dominion plants built 9,755 cars and 2,313 trucks, and for the comparable 1955 week, 9,925 cars and 1,963 trucks.

Business Failures Reached a 10-Week Low for The Current Period

Commercial and industrial failures decreased to 208 in the week ended March 22 from 300 in the preceding week according to Dun & Bradstreet, Inc. At the lowest level in 10 weeks, failures were below last year's total of 232 and the 1954 toll of 277. Failures remained 41% below the prewar level of 350 in the similar week of 1939.

The week's decline occurred principally among failures with liabilities of $5,000 or more, which dipped to 182 from 251 in the previous week and from 200 last year.

Wholesale Food Price Index Moved Irregularly Lower The Past Week

The wholesale food price index, compiled by Dun & Bradstreet, Inc., turned moderately lower last week, continuing the irregular movement of recent weeks. The index for March 20 fell to $5.93, from $5.96 a week earlier, which was the high point for the year. It compared with $6.55 on the corresponding date a year ago, or a decline of 9.5%.

Commodities advancing in wholesale cost during the week included flour, wheat, corn, barley, potatoes and hogs. Lower in price were rye, butter, sugar, tea, cocoa, eggs, raisins and lambs.

The index represents the sum total of the price per pound of 31 raw foodstuffs and meats in general use and its chief function is to show the general trend of food prices at the wholesale level.

Wholesale Commodity Price Index the Past Week Rose Slightly to Register the Highest Level in 2½ Years

There was a further slight uptrend in the general commodity price level last week. The daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., rose to 284.23 on March 20, the highest level for more than two and a half years. This compared with 282.40 a week earlier and 275.88 on the like date a year ago.

Grain markets continued to show strength although trends were somewhat irregular. Considerable uncertainty still surrounds, the outcome of the new farm bill, but legislative developments during the week were construed by many as bullish, particularly as regards wheat.

Other supporting influences in the bread cereal were the continued decrease in visible supplies and substantial sales for export.

Corn prices, firmed up in the latter part of the week, aided by better export inquiry and strength in cash markets. Oats moved higher largely in sympathy with the advance in corn. Strength in rye reflected Canadian advices indicating a good export demand for that grain. Transactions in grain and soybean futures on the Chicago Board of Trade declined moderately the past week and averaged 37,700,000 bushels per day, against 40,-200,000 the previous week and 43,000,000 a year ago.

Coffee prices were fairly steady with clearings from Brazil for the United States showing a sharp drop for the week.

After reaching new seasonal lows, cocoa prices moved slightly higher at the close aided by a pick-up in manufacturer interest and a better tone in the London market. Warehouse stocks of cocoa continued to increase and totalled 329,045 bags, against 311,631 a week ago and 147,220 at this time a year ago. Hog prices again edged higher reflecting smallest receipts at major western terminals since last Fall, and a modest improvement in wholesale prices for pork loins. Prices for steers and lambs also finished slightly higher than a week ago.

The domestic cotton market maintained a firm tone with final quotations up slightly from a week ago.

Supporting influences included trade and commission house buying and some price-fixing for foreign account.

Trading volume in the 14 spot markets declined sharply and totalled 74,800 bales for the week, against 198,600 the week before, and 70,100 in the same 1955 week. Loan repayments continued to run well ahead of entries and tended to hold advances in check. Consumption of cotton during the four-week February period, as reported by the Bureau of the Census, totalled 760,-590 bales. This represented a daily average rate of 38,030 bales, as compared with 37,350 in January and 36,030 in February last year.

Trade Volume Rose Slightly Last Week and Was Somewhat Higher Than a Year Ago

Retail dollar volume slightly exceeded that of the previous week and the level was somewhat above that of the similar week a year ago.

Volume in new and used automobiles declined moderately.

The total dollar volume of retail trade in the period ended on Wednesday of last week was 0 to +4% higher than a year ago, according to estimates by Dun & Bradstreet, Inc.

Bad weather in the New England and East regions, which account for about one-third of all retail sales, restricted buying considerably.

Regional estimates varied from the comparable 1955 levels by the following percentages: New England —6 to —2; East —4 to 0; South and Northwest +1 to +5; Middle West and Pacific Coast +2 to +6 and Southwest +3 to +7%.

The dollar volume of wholesale orders declined moderately in the week and the level was slightly below that of the comparable 1955 week. There was noticable decreases in orders for linens, draperies and woolen textiles. However, re-orders for women's Spring apparel equalled those of the previous week.

Department stores sales on a country-wide basis as taken from the Federal Reserve Board's index of the week ended March 17, 1956, decreased to 2% below those of the like period of last year. In the preceding week, March 10, 1956, an increase of 7% was reported. For the four weeks ended March 17, 1956, an increase of 4% was reported. For the period Jan. 1, 1956 to March 17, 1956 a gain of 3% was registered above that of 1955.

Retail trade volume in New York City the past week was curtailed by a snowstorm on Monday which cut deeply into sales in a period that should have been the heaviest of the spring season for apparel buying.

Trade observers estimated the decline at 10% or more below the volume of the comparable week in 1955.

According to the Federal Reserve Board's index, department store sales in New York City for the weekly period ended March 17, 1956, decreased 8% below those of the like period last year. In the preceding week, March 10, 1956, an increase of 9% (revised) was recorded. For the four weeks ending March 17, 1956, an increase of 2% was registered. For the period Jan. 1, 1956 to March 17, 1956 the index recorded a rise of 2% above that of the corresponding period of 1955.

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Canadian Market Tendencies And Capital Formation Sources

service in the distribution of Canadian Government and municipal obligations and also performs an equally valuable service with respect to the financing of the long-term borrowing needs of medium-sized and large businesses.

I now come to a question the answer to which, to my mind, is conjectural. Frankly, I do not think we have enough evidence to be at all dogmatic about it. This question is, "How adequate are our existing facilities to meet the long-term borrowing needs of small businesses whose borrowing requirements may be too small to justify the overhead costs of floating a bond issue or whose business life has not been sufficiently long to build up an earnings record that would justify public financing?" I am well aware that it is popularly assumed that such a need exists. But the extent to which it exists and also the extent to which the capital requirements of small business should properly be met by long-term borrowing rather than by equity capital are matters which, I respectfully suggest, we do not in this country know enough about. Moreover, the varying needs of different types of small businesses make it very difficult to suggest any specific form of financing that could be applicable to all types of business.

Small Long Term Borrowing

The Industrial Development Bank was established in an effort to meet just such a need. And may I say at this point that, in my opinion, the Industrial Development Bank is doing an excellent job of work. Nevertheless, I have been impressed with the fact that in the 11 years from inception to Sept. 30, 1955, the Industrial Development Bank had made loans and investments, or authorized guarantees, in respect of only 1,468 individual situations for a total amount of $123,700,000 and at latest report had only $45,000,000 of loans outstanding. Having regard to the fact that during this period over-all capital expenditures of Canadian businesses within the scope of the Industrial Development Bank's operations amounted to over $7 billion, one might be justified in assuming that the need for credit facilities of the type supplied by the I. D. B. has not been as great as may have been envisaged. None the less, the legislation recently introduced into Parliament to extend the I. D. B.'s facilities to new classes of borrowers, and to enlarge its lending limits, is to be welcomed.

It may indeed be, however, that there is a need for some wholly private institution, of a nature not now existing, to serve the requirements of smaller business ventures. If this be so I am inclined to believe, however, that such an institution would, and indeed should, be more concerned with the provision of equity capital rather than funded debt. I shall have something more to say about this later under a different heading.

Industry's Capital Needs

The role of the Canadian Chartered Banks as suppliers of capital to industry is traditionally, predominantly, and I think rightly, that of financing goods on the way to market through the provision of current rather than long-term accommodation. Nevertheless, from time to time, and to an extent which must be limited by the nature of their deposit liabilities to the public, the Canadian Chartered Banks have supplied fixed capital requirements through the medium of term loans or purchases of industrial securities. The term of repayment in each case is not long and is usually accomplished by serial maturities running from about one to five or one to seven years. It should perhaps be added, that from time to time, when inflationary pressures appear imminent, provision of this form of fixed capital by banks has been discouraged by the national monetary authorities and the banks have on these occasions co-operated in the national interest.

I think it should be mentioned here that the chartered banks have for many years, and, perhaps to a somewhat greater extent in recent years, been most sympathetic to the requirements of small businesses, especially to those without access to the public financing field. Such assistance has, for the most part, been in the area of temporary financing for plant and equipment, repayable from earnings and cash throw-off over a reasonable period. I feel that the chartered banks must continue to play their part in this field and that a complete line of demarcation between loans for current operations and for some types of capital expansion is neither practical nor desirable.

Mortgage Lending

I realize that a complete answer to the question of the adequacy of present borrowing facilities would have to include the whole field of mortgage lending. There are many aspects of this field with which I am not familiar and on which comment from me would therefore not be useful. Since March 1954 the Canadian Chartered Banks have been permitted to invest in insured mortgages secured by new houses under the provisions of the National Housing Act. This was a complete break from traditional banking practice and, indeed, from previous legal restrictions on banking operations. The insurance feature, the eligibility of insured mortgages for rediscount at the Bank of Canada, and certain other safeguards have enabled the banks to extend an amount of accommodation in this direction which, I think, has been both within the limits of prudent banking and eminently satisfactory to the Government as sponsors and introducers of the new legislation. At latest available report, insured mortgage loans on the books of the chartered banks exceeded $300 million. Chartered banks may sell insured mortgages from their portfolios, provided that the servicing of these mortgages is still done by an approved lender. Some such sales have already taken place and it is possible that this practice will increase, thereby contributing to a broader and more active mortgage market. It is considered, I think rightly, that chartered bank participation in the mortgage field should bear some proper relationship to their savings deposits, perhaps as a percentage of such deposits, which would have to be determined from time to time in the light of conditions.

Other special credit facilities provided by the banks in co-operation with the Government, and with a marginal governmental guarantee, are Farm Improvement Loans, Veterans' Business and Professional Loans and Home Improvement Loans. Somewhat similar legislation providing for the extension, by banks, of capital funds to fishermen is now pending.

In attempting to answer this first question, I have spoken of the various classes of Canadian borrowers and of the various types of lending institutions, and I would sum up by saying that, in my view, the needs of creditworthy borrowers are, and should continue to be, adequately served, except possibly in one field of which I shall say more under question three, but even there my remarks will refer more to equity money than to borrowing.

Question 2: "Are there adequate sources of funds for financing the purchase of older houses?"

As already indicated, this is a matter which lies outside my field, and I do not think there is anything useful I can contribute by way of reply. Undoubtedly the Commission will be receiving answers from insurance companies, trust companies and mortgage companies which are directly concerned with this type of credit.

Question 3: "Will the Canadian sources of venture capital for both small ventures and large be adequate for our special needs?"

In considering this question I have taken due note that it refers to "Canadian sources" and also to "special needs." With regard to "special needs," I assume that the Commission has in mind the extent to which Canada's economic development in recent years, particularly in the extractive industries, has been dependent upon the availability of large supplies of venture capital for enterprises in which there is inherently a more than ordinary element of risk.

At the outset I think we must recognize that during the post-war period the flow of capital in total from Canadian sources has not been sufficient to finance the total volume of capital investment undertaken in this country. We are frequently told, and it is perfectly correct as far as it goes, that in the post-war period Canada's dependence on outside capital has been relatively very small in relation to the size of our total capital program. I believe that, in over-all terms, our dependence on outside funds has been of the order of 15% of total requirements. But I think that such an over-all figure rather masks the extent to which we have been dependent on foreign capital for the development of resources in the "risk category."

At the same time sight is often lost of the fact that the development of many Canadian natural resources, petroleum and iron ore being good examples, has been to a large extent in response to the needs of export markets rather than domestic markets and it is surely only natural that a number of such developments have been, and will continue to be, initiated and financed by large corporations abroad, seeking to extend and assure their own sources of supply.

To be realistic I think that in the foreseeable future, as in the past, we shall continue to rely to some extent on an inflow of funds from abroad. Moreover, as in the past, I think this inflow will consist of both interest-bearing and equity capital. If capital is relatively scarcer in Canada than in the United States there will be a tendency for interest rates to be higher in this country. This has the double effect of attracting U. S. and other foreign funds here for purposes of portfolio investment and also, from time to time, of providing an incentive for Canadian seekers of funds to turn to the U. S. market. In a somewhat different, although not unrelated, connection, the incentive for established subsidiaries of foreign companies to expand in Canada and the interest of foreign concerns in developing Canadian sources of supply or participating in the growth of the Canadian economy should make for a continued inflow of equity money.

I suggest that basically we are dealing with a situation wherein the present total flow of Canadian savings is not wholly adequate to finance the nation's over-all fixed capital requirements. I think an economist would point out that such a situation has certain definite inflationary implications and it is perhaps because of the availability of outside money that these inflationary tendencies have not been more manifest. Failing some major change in the savings habits of the Canadian public I suspect that this situation will continue for some years yet. To accept this, however, does not dispose of the question, whether such Canadian savings as are available should be in some way or another channelled more into equity form in order that Canadian ownerships of Canadian resource development should not be further diluted.

Taxation

The question of taxation inevitably enters here. While at a later stage of my remarks I shall be referring to taxation as it affects those who raise capital, it is appropriate at this point to comment on its effect on the investor. There is no doubt that the dividend tax credit has provided an incentive for Canadians to invest in equities rather than debt securities. Praiseworthy as this has been, I think the Government would readily admit that what has been done so far is only a partial approach to the problem of double taxation. While there may be fiscal difficulties involved in taking further steps in this direction, I would suggest that some additional relief from double taxation would be desirable, not only on general principles, but also in that it would undoubtedly stimulate investment in equity securities.

In general, I would say that there is little difficulty experienced by well-established companies with a good earnings record in issuing new capital stock in the Canadian market. At the other end of the scale it also seems relatively easy in Canada to obtain highly speculative money from individuals, sometimes in very small individual amounts. The opportunities of capital gain are dazzling. Sometimes hopes are realized but "oft expectation fails."

Indeed, it is perhaps natural and unavoidable that in a country such as Canada risk money tends to be predominantly channelled into the extractive industries, perhaps to the detriment of the domestic availability of venture money for industries equally deserving but less glamorous. And even in the extractive fields, Canadian venture funds for the small new prospect seem to be rather more easily obtainable than large aggregates of Canadian venture money for major risk undertakings.

100% Canadian Investment Trusts

It may well be that there is room for some "investor education" here and also a need for some thought about methods of mobilizing capital. Having mentioned investor education I should quickly add that, in my view, no useful purpose will be served by any endeavor to conceal from Canadian investors the obvious fact that venture money is venture money; that there is a degree of risk involved. But I wonder whether we have gone far enough in exploring the possibilities of pooling and diversifying risk in a way that might make additional participation in Canadian equity financing, both by Canadian institutions and individuals, safer and also more attractive. There has in recent years been a steady growth in Canada of the investment trust concept and I think this is all to the good. But most investment trusts, quite properly, offer investors a participation in a diversified portfolio of established situations. The question arises whether we could do more in this country in the organization of other media which could apply the principle of pooling and diversification to the equity financing of new venture projects. It is interesting to note that most of the steps that have been taken in this direction have been taken on the initiative of and with funds partially supplied by outside investors. I suggest that there may be room in Canada for purely Canadian private investment corporations, financed with Canadian capital and staffed with qualified financial, engineering and legal personnel, that could appraise new Canadian ventures, both large and small, and supply equity or debt capital for their development. Such a corporation could serve as a nucleus of development capital. If soundly run it could build up a reputation that would tend to attract other private capital to ventures in which it participated.

It may not be altogether remote from this concept that, as you know, there has recently been established under the aegis of the World Bank an "International Finance Corporation," designed to promote the international flow of equity capital to underdeveloped countries. What I am suggesting is the possibility of large, carefully conceived and soundly run private Canadian finance corporations which would provide pools of Canadian venture capital to which soundly conceived new enterprises might turn for assistance. I do not make this suggestion with the thought that such organizations would be anything other than private enterprises, run on business lines, and with the objective of making a profit commensurate with the risk element involved. As an appendix to these remarks, and for any interest it may have, I have sketched out in very rough outline the framework of the kind of organization I have in mind and I shall be glad to develop these very preliminary thoughts if it is the wish of the Commission.

Question 4: "Are there, or will there be, accumulations of capital which, because of restrictive legislation or institutional practice, may not be employed to full advantage in the capital market?"

I gather that the question implicit in the one which has been asked is something like this: "Would it be to the advantage of the Canadian economy if a greater part of the existing flow of capital from domestic sources were employed in equity rather than in debt form, and if so, are there any legislative or traditional restrictions which limit this redeployment of capital resources?"

Insurance Investments

I suppose it is true that both tradition and the embodiment of that tradition in legal restrictions tend to lag somewhat behind the needs of a dynamic and developing situation. I was impressed, for example, with the evidence given before this Commission in Vancouver by Mr. Allan Williamson, wherein he pointed to certain anomalies affecting the legality of investment in common shares by Canadian life insurance companies. The points he made so well in his evidence certainly suggest the need for an overhauling of this legislation. At the same time one is bound to admit that there is some question whether the Canadian life insurance companies are, even within the limits of prudence, taking the fullest advantage of the scope already allowed them by existing legislation. According to the March 1955 issue of the Bank of Canada Statistical Summary (p. 78), as of Dec. 31, 1954, only 1.4% of the Canadian assets of 12 Canadian life insurance companies, representing 80% of the net premium

income of all companies registered under the Federal Insurance Acts, was invested in preferred and common stocks. In drawing attention to this I would be the last person to suggest that the Canadian life insurance companies should make any investment which they did not consider entirely prudent in relation to their liabilities to their policyholders. But it may well be that even within these limits there is room for a somewhat larger equity participation by this important source of Canadian capital which in its very nature is invested against long-term liabilities. I should at once say, however, that equity investment can never be more than a moderate amount of insurance company funds because of the overriding need for matching actuarially determined liabilities with fixed interest obligations having a definite due date.

Equities in Banks

Legally, the Canadian Chartered Banks have a pretty free hand in their investment activities, save only for the restrictions in the Bank Act prohibiting a bank from investing in its own or any other Bank's capital stock, and from lending money upon the security of real estate, except under the provisions of the National Housing Act, the Farm Improvements Loans Act, the Veterans' Business and Professional Loans Act and the Fisheries Improvement Loans Act, and the very proper restrictions on loans or advances to a director of a bank or to any firm or corporation of which a director or the general manager of the bank is a member or shareholder. In point of fact, however, the pattern of bank investment is governed far more by the nature of the business of banking than any legal framework. A bank's deposit liabilities are, in effect, money owed by the bank to its depositors and the depositors can withdraw that money at any time on demand. It is therefore inherent in the nature of good banking that these demand liabilities should be matched by assets of appropriate liquidity and that a bank's investments should be of a short-term nature carefully spaced as to maturity. Under these circumstances I do not think it realistic to expect that the Canadian banks will ever be an important source of equity money, and indeed I think it would be doing an ill-service to the Canadian community if they were ever to become so.

Pension plans and investment funds have grown considerably in size and number in recent years and there seems to be an increasing tendency for the investment of a portion of their assets in equity securities. Provided that these equities are well selected this trend is, I think, constructive, having regard to the continuing nature of such funds. Moreover, I believe that both pension plans and investment funds are destined to play a more prominent role, and exert a stabilizing influence, in the securities market.

Question 5: "Is the existing machinery for mobilizing capital, including the savings of individuals in Canada, adequate?"

My answer to this question is "Yes." I suggest that Canada has the full benefit of a mature, skilled and highly adaptable financial organization of which each component is doing a very thorough job of mobilizing savings. To be more specific, the Canadian chartered banking system provides nation-wide facilities for the mobilization of savings in the form of savings deposits. At the end of last October there were 4,228 offices of Canadian chartered banks serving the Canadian community, which works out to one office for each 3,700 of population. The total personal savings deposits in the chartered banks now amount to the impressive sum of $5.6 billion. It is a fair statement that the development of savings business is a major objective of every Canadian bank.

The premium income of insurance companies is another form of mobilization of savings. Here, too, I think we may take it that the coverage of the Canadian public by energetic and enterprising sales representatives of insurance companies is comprehensive.

We are also very fortunate in Canada in having a well-established, skilled and reputable investment dealer organization. Through this organization's sales representatives, through an extensive network of sub-agency outlets and through direct mail contacts the investment dealers provide a coverage that is both extensive and intensive.

There are other media for mobilizing capital: investment certificates offered by trust companies, co-operative investment plans of various kinds, credit unions, and last, but by no means least, the annual offering of Canada Savings Bonds.

If there is one general observation that can justly be made about our Canadian financial mechanism it is, I think, that it is highly adaptable. No better proof could be offered than the manner in which the entire machinery of this country for the mobilization of capital was quickly organized and geared up for the mammoth job of financing the Canadian war effort through the distribution of Victory Bonds. While this is an outstanding example of adaptability by reason of the magnitude of the task involved, this adaptability is continually being shown. We have a continuing example, on a somewhat lesser scale, in the annual Canada Savings Bonds campaign. And there are other examples from day to day of the manner in which, through the investment dealer and banking organization, large public and private security issues can quickly be brought to the market. I should like to suggest, before leaving this question, that if and when any need for new *forms* of capital mobilization should become apparent, our financial mechanism in this country will show the same skill and flexibility in adapting itself to new needs as it has shown in the past.

Question 6: "What is the probable trend in corporate financing as among debt financing, equity financing and the reinvestment of earnings, and is this probable trend in the best interests of Canada?"

Since the end of the war, medium and large corporations in Canada have resorted to the issuance of funded debt to a slightly greater extent than capital stock. But, as a result of the steady growth in earned surplus, the ratio of equity capital (including retained earnings) to funded debt was, according to the most recent taxation statistics, nearly as large at the end of 1953 as at the end of 1945. During the past few years, however, retained earnings have followed a fairly horizontal trend. Although there was a marked increase in retained earnings in 1955, it is at least possible that the annual volume of retained earnings will grow somewhat less rapidly in the years ahead than in the immediate postwar period. This suggests that corporations may come to rely to a greater extent, than in the recent past, on outside sources of capital funds.

This brings us to the question, whether there is likely to be any significant change in the distribution of new capital requirements as between funded debt and equity? At the outset it may be suggested that relatively few corporations are wholly free agents when it comes to a decision whether to issue funded debt or equity capital or, indeed, as to the form of funded debt or equity capital that may be issued. The issuers' views must usually be qualified by an appraisal of what the investment market will take. Investor attitudes, in turn, will be influenced by the position of the corporation itself and also by the prevailing viewpoint with respect to such important general considerations as the trend of business generally and the trend of interest rates. It should perhaps be added that even the prevailing view of governmental policies gets into this appraisal. Governmental policies certainly influence the level of interest rates, while, to move into a not unrelated area, there have been times, and may be again, when the public's receptivity to common stocks is conditioned by views on the likelihood, or otherwise, of inflation.

Bonds' Lower Cost

Having said this, however, I think we must recognize that, generally speaking, there are a number of important factors that tend to weigh against capital stock as a means of obtaining long-term funds, other things being equal. The corporation, not unnaturally, wishes to obtain its new money as cheaply as possible. Here, we run head on into the structure of corporate income tax, which allows interest on funded debt to be deducted from income before taxation, but not dividends paid on capital stock. Perhaps at this point it may be worth mentioning that under conditions of cheap money, the benefits of the low carrying charge obtainable through the issuance of funded debt may be more apparent than real. I refer to the obvious tendency, under conditions of cheap money, for corporations to endeavour to reduce their fixed interest costs by issuing a portion of their funded debt requirements in shortterm serial form in order to obtain the advantage of the low interest rates prevailing on short-term debt and thus to reduce the over-all cost of the financing. While this undoubtedly produces a saving from an income account point of view, the financing in this form commits the corporation to provide for fixed serial maturities over the immediately ensuing years. The result may be in some cases, to impose an overly heavy burden from a "cash throw-off" standpoint. While this is a qualification to which perhaps not enough attention is always paid, I think we may take it that, generally speaking, there are cost advantages to the corporation in raising money through the issuance of debt rather than equity, such advantages being greatly emphasized by the taxation system.

In some instances too, where corporations have well-established earnings power but no spectacular short-term growth potential, the interest rate that would have to be paid on a bond is less than the dividends that would have to be paid on an equivalent value of common stock in order to attract investment response. Here again, the gross differential becomes wider when the net effect of taxation is taken into consideration. This would not necessarily be the case where a "growth situation" is concerned and where the public is willing to accept common stock at a relatively low dividend return now in anticipation of future benefits in the form of higher dividends or capital appreciation or both.

Convertible Bond

It may be noted that, particularly in recent years, the convertible bond is a medium which has become more frequently used as a means of reconciling the objectives of a relatively low initial carrying charge with the problem of obtaining a favorable market reception. This medium has certain definite advantages from the standpoint of the borrower. Because of the speculative attraction of the conversion feature the borrower obtains his money initially on a fixed charge basis at a lower interest cost than would otherwise be the case. The investor, on the other hand, has a corresponding advantage. He can remain as a creditor of the corporation but with the added advantage that if and when the corporation's common stock passes the "conversion point" there will be an equivalent capital appreciation in the value of the bond which he holds. And should he decide to assume the status of a partner in the enterprise through the ownership of common stock, the way is open to him through the conversion feature. I would look for a wider use of this medium in the years ahead. It seems one that is eminently suited to a great many Canadian situations of a growth nature.

Much the same comment can be made regarding the practice, which is becoming more frequently employed, of issuing, in the case of growth situations, debentures with stock purchase warrants attached.

In a quite different connection I think that over the future we may see a greater awareness, particularly on the part of large corporations, of the desirability of having a broad distribution of Canadian ownership of their common shares not only as a measure of defense against the possibility of control passing outside this country but also from the obvious public relations value in having a great many investors, many of them quite small investors, possessed of a partnership interest in the enterprise. In the same connection I would welcome any moves on the part of wholly-owned Canadian subsidiaries of U. S. concerns to give the Canadian public an opportunity of acquiring a common share interest in such concerns, which in aggregate are a not unimportant component of the Canadian community.

Before concluding I should like to mention one other consideration which poses something of a dilemma. When business conditions are buoyant there may be a not unnatural tendency for industry to become, if not careless of, at least relatively unconcerned about the growth of its fixed charges. There are a lot of rigidities on the Canadian economy and in so far as a greater tendency to rely on equity financing rather than funded debt would help to reduce these rigidities in future, such a tendency would be, in that sense, desirable. The reduction of rigidity, from the corporation's standpoint, means that a greater degree of risk is being passed on to the investor via his increased participation in equity stock. And as I have already pointed out, equity money is risk money and there is no useful purpose to be served in attempting to disguise that fact. On the other hand, and as I have also already indicated, these opposing considerations are not altogether irreconcilable. On balance, the growth potentialities of this country will, I am confident, produce a net reward for investors in a position to take equity risks with their eyes open. And, again as I have already suggested, I do not think we have yet exhausted the possibilities of creating broader outlets for equity money through the provision of adequate and well-conceived means of diversifying and pooling risks.

Suggested Outline of a Canadian Development Corporation

Purpose

(1) To invest, in association with other private Canadian investors, in new industrial, utility or merchandising ventures in Canada or in small existing concerns in these fields that cannot obtain adequate financing from other private sources.

(2) To bring together private capital and experienced management in order to develop new ventures. To this end the corporation would co-operate, and not compete, with other individuals and institutions in providing capital.

(3) To investigate, on behalf of other parties and in return for an appropriate fee, the practicability of new ventures.

Capital

All shareholders should be Canadian residents. There should be at least 50 shareholders and there should be provisions designed to reduce the possibility of control falling into the hands of one or a few shareholders.

It is suggested that the initial capital requirements might be in the neighborhood of $50-75 million, with authorized capital well in excess of this figure. The corporation should endeavor to build up its resources by reinvesting earnings and it may be mentioned in this connection that dividends received by one Canadian company from another are not subject to corporate income tax.

The corporation should be empowered to issue funded debt and to guarantee security issues of private companies.

Operations

The corporation should be able to supply either equity or debt capital. It should seek to sell its investments in new ventures that have succeeded to the point where public interest is assured, and thus revolve its capital. Idle funds may be invested in any marketable Canadian securities.

Organization and Management

A board of directors should be elected by the shareholders, which would in turn appoint a president and other senior officers. All members of the board and all officers of the corporation should be Canadian residents. The principal office should be located in either of the two main financial centres of Montreal or Toronto.

The staff of the corporation should contain qualified engineering, financial and legal personnel to adequately appraise the feasibility of new projects.

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
● ITEMS REVISED

★ Aberdeen Fund, New York
March 27 filed (by amendment) an additional 1,700,000 shares of capital stock. **Price**—At market. **Proceeds**—For investment. **Underwriter** — Investment Management Corp., New York.

Abundant Uranium, Inc., Grand Junction, Colo.
Feb. 23 (letter of notification) 3,000,000 shares of common stock (par one cent). **Price**—10 cents per share. **Proceeds**—For mining expenses. **Office**—319 Uranium Center, Grand Junction, Colo. **Underwriter**—Ralph M. Davis & Co., Grand Junction, Colo.

★ ACF-Wrigley Stores, Inc.
March 27 filed 125,000 shares of common stock (par $1) to be offered pursuant to an "Employees' Stock Purchase Plan" established by the company on Aug. 17, 1955.

Aircraft Danger Light Corp.,
Feb. 17 (letter of notification) 10,000 shares of common stock (par $1). **Price** — $11 per share. **Proceeds**—For production and development of various models of the Atkins Light. **Office** — 1755 Rand Tower, Minneapolis, Minn. **Underwriter**—Craig-Hallum, Inc., Minneapolis, Minn.

Alpha Beta Food Markets, Inc. (4/4)
March 12 filed 100,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For expansion program. **Office**—La Habra, Calif. **Underwriter**—Dean Witter & Co., San Francisco, Calif.

Alpha Plastics Corp.
Nov. 18 (letter of notification) 300,000 shares of class A stock (par 10 cents). **Price**—$1 per share. **Proceeds**—$90,000 to redeem the preferred stock; $18,100 to be payable to stockholders for advances heretofore made to company; for payment of current obligations, etc.; and for working capital. **Office**—94-30 166th St., Jamaica, N. Y. **Underwriter** — J. E. DesRosiers, Inc., 509 Fifth Ave., New York 17, N. Y.

★ Aluminum Goods Manufacturing Co.
March 28 filed 45,650 shares of common stock (no par) to be offered pursuant to the company's Employees' Incentive Stock Option Plan to certain of its employees.

American Frontier Corp., Memphis, Tenn.
Feb. 15 filed 175,000 shares of class A common stock (par $1). **Price** — $10 per share. **Proceeds** — Together with other funds, to purchase 1,000,000 shares of common stock (par $1) of American Frontier Life Insurance Co. **Underwriter**—None.

American Insurors' Development Co.
Feb. 10 filed 400,000 shares of common stock (par $1). **Price** — $2.50 per share. **Proceeds** — To expand service business. **Office** — Birmingham, Ala. **Underwriter** — Odess, Martin & Herzberg, Inc., Birmingham, Ala.

★ Anchor Casualty Co., St. Paul, Minn.
March 27 filed 20,000 shares of $1.75 cumulative convertible preferred stock (par $10) to be offered for subscription by common stockholders on the basis of two preferred shares for each 11 common shares held. **Price**—$40 per share. **Proceeds**—To enable company to write a larger volume of insurance premiums. **Underwriters**—Harold E. Wood & Co., St. Paul, Minn., and J. M. Dain & Co., Inc., Minneapolis, Minn.

Arizona Public Finance Co., Phoenix, Ariz.
Sept. 16 filed 78,006,081 shares of common stock to be offered for subscription by holders of life insurance policies issued by Public Life Insurance Co. **Price**—20 cents per share. **Proceeds**—For working capital. **Underwriter**—None, sales to be directly by the company or by salesman of the insurance firm.

★ Arizona Rochester Development Corp.
March 12 (letter of notification) 200,000 shares of common stock (par $1), which are subject to an offer of rescission, 175,325 shares having been sold at $1 per share and 24,675 shares at $2 per share. **Proceeds**—For real estate development. **Address**—P. O. Box 26, Marinette, Ariz. **Underwriter**—None.

★ Armstrong Cork Co., Lancaster, Pa.
March 27 filed 346,983 shares of common stock to be issued pursuant to company's "Employees' Stock Option and Stock Purchase Plan."

Associated Drugs, Inc., Bemidji, Minn.
Feb. 28 (letter of notification) $150,000 of 6% sinking fund debentures, due Feb. 1, 1966. **Price**—At par (in denominations of $1,000 each), plus accrued interest. **Proceeds**—To be used to modernize a store and for general corporate purposes. **Underwriter**—W. R. Olson Co., Fergus Falls, Minn.

Atlas Corp.
Feb. 28 filed 9,890,095 shares of common stock (par $1) to be issued pursuant to an agreement of merger with this corporation of Airfleets, Inc., Albuquerque Associated Oil Co., RKO Pictures Corp., San Diego Corp. and Wasatch Corp. on the following basis: Four shares for one of Atlas common; 2.4 shares for one share of Airfleets common; one share for each share of Albuquerque common; four shares for each 5.25 shares of RKO common; 2.4 shares for each share of San Diego common; 13 shares for each share of Wasatch cumulative preferred; and 1.3 shares for each share of Wasatch common. The registration statement also covers 1,250,000 shares of 5% cumulative preferred stock (par $20) which will become issuable upon and to the extent that shares of common stock are convertible into shares of preferred stock.

Atlas Investment Co., Las Vegas, Nev.
Jan. 9 filed 20,800 shares of class B common voting stock, of which 12,000 shares are to be offered for public sale at $50 per share and 8,800 shares are to be offered in exchange for preferred stock. **Proceeds**—For payment of bank loans, and for capital and surplus. **Underwriters**—Rex Laub and Max Laub, of Tremonton, Utah, and M. D. Close Mortgage & Loan Co. and Jack Hemingway Investment Co., of Las Vegas, Nev.

● Atomic, Electronic & Chemical Fund, Inc. (4/4)
Feb. 17 filed 400,000 shares of capital stock (par $1). **Price**—To be supplied by amendment (expected at $10 per share). **Proceeds** — For investment. **Office**—Englewood, N. J. **Underwriter** — Lee Higginson Corp., New York.

B. S. F. Co., Birdsboro, Pa.
Dec. 30 filed 92,636 shares of capital stock (par $1) to be offered for subscription by stockholders of record Jan. 20, 1956, at the rate of one new share for each two shares held. **Price**—To be supplied by amendment. **Proceeds**—For investment. **Business**—A registered investment company. **Underwriter**—None.

Big Horn Mountain Gold & Uranium Co.
Feb. 23 (letter of notification) 9,300,000 shares of common stock (par one cent). **Price**—Three cents per share. **Proceeds**—To be used for exploratory work on mining mineral properties. **Office**—1424 Pearl Street, Boulder, Colo. **Underwriter**—Lamey & Co., Boulder, Colo.

Big Ridge Uranium Corp., Reno, Nev.
Oct. 19 (letter of notification) 9,000,000 shares of common stock (par one cent). **Price** — Three cents per share. **Proceeds**—For exploration and development costs. **Office**—206 North Virginia St., Reno, Nev. **Underwriter**—Mid America Securities, Inc., Salt Lake City, Utah.

Big Ute Uranium Corp., Overton, Nev.
Oct. 28 (letter of notification) 3,000,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For mining expenses. **Underwriter**—James E. Reed Co., Inc., Reno, Nev.

Blue Lizard Mines, Inc.
Jan. 17 filed $900,000 of 8% convertible subordinated debentures due 1976. **Price**—100% of principal amount. **Proceeds**—To make additional cash payment on purchase contracted and for mining expenses. **Office**—Salt Lake City, Utah. **Underwriter**—None.

Bonus Uranium, Inc., Denver, Colo.
Oct. 28 (letter of notification) 3,000,000 shares of capital stock (par one cent). **Price**—10 cents per share. **Proceeds**—For mining expenses. **Office**—1154 Bannock St., Denver, Colo. **Underwriter** — Mid-America Securities, Inc., Salt Lake City, Utah.

B-Thrifty, Inc., Miami, Fla.
Nov. 23 filed 37,000 shares of class A common stock (par $25). **Price**—$38 per share. **Proceeds**—To open additional retail stores. **Business** — Supermarket concern. **Office**—5301 Northwest 37th Ave.. Miami. Fla. **Underwriter**—None. Statement effective March 7.

● Canadian Delhi Petroleum Ltd.
Feb. 28 filed 698,585 shares of capital stock (par 10 cents) being offered for subscription by stockholders of record March 5, 1956, at the rate of one new share for each five shares held (with an oversubscription privilege; rights to expire Apirl 6. **Price**—$5 per share (U. S. dollars). **Proceeds** — For advances to Canadian Delhi Oil Ltd., a wholly-owned subsidiary, who will use the funds to repay bank loans of $1,350,000, and for general corporate purposes. **Underwriters**—Lehman Brothers and Allen & Co., both of New York

Caterpillar Tractor Co. (4/3)
March 13 filed 500,000 shares of common stock (par $10). **Price**—To be supplied by amendment. **Proceeds**—For plant expenditures. **Underwriter**—Blyth & Co., Inc., San Francisco and New York City.

Ceco Steel Products Corp., Chicago, Ill. (4/11)
March 20 filed 210,000 shares of capital stock (par $10), of which 26,679 shares are to be sold for account of the company and 183,321 shares for account of certain selling stockholders. **Price**—Expected around $22 per share. **Proceeds**—For working capital. **Underwriter** — Hornblower & Weeks, New York.

Central Illinois Light Co. (4/4)
March 15 filed 100,000 shares of common stock (no par) to be offered for subscription by common stockholders of record April 3 at the rate of one new share for each 10 shares held; rights to expire at 3:30 p.m. (CST) on April 19. Employees of company may subscribe up to 5 p.m. (CST) on April 16 for unsubscribed shares, if any. **Price**—To be supplied by amendment. **Proceeds**—For construction program. **Underwriter**—Union Securities Corp., New York.

● Chance (A. B.) Co., Centralia, Mo. (4/5)
March 16 filed 85,968 shares of common stock (par $5), of which 50,000 shares are to be offered to the public and the remaining 35,968 shares are to be offered in exchange for Porcelain Products, Inc. common stock at rate of four shares of Chance stock for each Porcelain share (exchange offer to remain open up to and including May 9, 1956). **Price** — To be supplied by amendment. **Proceeds** — To retire obligations incurred in acquiring 9,132 shares of Porcelain stock; and for working capital and general corporate purposes. **Underwriter** — Stifel, Nicolaus & Co., Inc., St. Louis, Mo.

★ Coastal Chemical Corp., Yazoo, Miss.
March 22 filed 399,986 shares of class A common stock. **Price**—At par ($25 per share). **Proceeds**—Together with bank loans, to be used to construct and operate a fertilizer plant. **Underwriter**—None.

Colohoma Uranium, Inc.
Nov. 9 filed 2,500,000 shares of common stock (par one cent). **Price**—40 cents per share. **Proceeds**—For exploration and development expenses and for general corporate purposes. **Office**—Montrose, Colo. **Underwriters**—General Investing Corp., New York: and Shaiman & Co., Denver, Colo. **Offering**—Date indefinite.

Columbia Gas System, Inc. (4/10)
March 14 filed $40,000,000 of 25-year debentures, series F, due 1981. **Proceeds**—To repay bank loans and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. **Bids**—To be received by company at 120 East 41st St., New York 17, N. Y., up to noon (EST) on April 10.

Columbus & Southern Ohio Electric Co. (4/3)
March 13 filed $12,000,000 of first mortgage bonds due 1986. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lee Higginson Corp.; Blair & Co. Incorporated and Baxter, Williams & Co. (jointly); Salomon Bros. & Hutzler; White, Weld & Co.; Lehman Brothers; Dillon, Read & Co. Inc. and The Ohio Co. (jointly); Union Securities Corp. and Glore, Forgan & Co. (jointly). **Bids**—To be opened at 11 a.m. (EST) on April 3 at City Bank Farmers Trust Co., 2 Wall St., New York, N. Y.

★ Consolidated Cement Corp. (4/18)
March 28 filed 150,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To reduce bank loans and for expansion program. **Underwriters**—Merrill Lynch, Pierce, Fenner & Beane, New York.

● Container Corp. of America
March 9 filed 115,276 shares of common stock (par $10) to be offered in exchange for common stock of The Mengel Co. at the rate of one Container share for each two Mengel shares. The offer is to become effective when Container's holdings of Mengel stock has been increased to at least 90% of the Mengel stock outstanding. **Offering**—Expected today (March 29).

Cooperative Grange League Federation Exchange, Inc.
Feb. 15 filed $2,000,000 of 4% subordinated debentures; 7,500 shares of 4% cumulative preferred stock (par $100) and 100,000 shares of common stock. **Price**—Of debentures, 100% of principal amount; of preferred, $100 per share; and of common, $5 per share. **Proceeds**—To finance construction of a new petroleum terminal at Albany, N. Y., estimated to most $465,000, and to provide funds to cover redemptions of outstanding common stock, estimated at not more than $400,000; to repurchase outstanding shares of preferred stock and to provide funds to be advanced to a subsidiary for similar repurchase of its preferred stock, and for working capital. **Office**—Ithaca, N. Y. **Underwriter**—None.

Copper Corp., Phoenix, Ariz.
Jan. 27 (letter of notification) 1,200,000 shares of common stock. **Price**—At par (25 cents per share). **Proceeds**—For expenses incident to mining operations. **Address**—P. O. Box 175, Phoenix, Ariz. **Underwriter**—Keim & Co., Denver, Colo.

★ Crandall Corp., Warren, N. H.
March 19 (letter of notification) $235,200 10-year subordinated 4% cumulative income notes and 2,940 shares of class A common stock (no par) to be sold in units of one $800 note and 10 shares of common stock to stockholders of record March 27, 1956. **Price**—$1,000 per unit. **Proceeds**—For land and building, machinery and equipment and working capital. **Underwriter**—William B. Wilson, New York 22, N. Y.

Crater Lake Mining & Milling Co., Inc.
March 8 (letter of notification) 575,000 shares of common stock. **Price**—50 cents per share. **Proceeds**—For mining expenses. **Office** — 1902 East San Rafael, Colorado Springs, Colo. **Underwriter** — Skyline Securities, Inc., Denver, Colo.

Cuba (Republic of)
Nov. 21 filed $2,000,000 of 4% Veterans, Courts and Public Works bonds due 1983. **Price**—To be supplied by amendment. **Proceeds** — To Romenpower Electra Construction Co. **Underwriter**—Allen & Co., New York.

DeKalb-Ogle Telephone Co., Sycamore, Ill.
Dec. 30 (letter of notification) 25,695 shares of common stock. **Price**—At par ($10 per share). **Proceeds**—To be used for conversion to auto atic dial operation. **Office**—112 West Elm Street, Sycamore, Ill. **Underwriter**—None.

Dennis Run Corp., Oil City, Pa.
Nov. 28 (letter of notification) 46,000 shares of common stock (par $1). **Price**—$6.50 per share. **Proceeds**—To pay bank loans and debts; and for working capital. **Office**—40 National Transit Bldg., Oil City, Pa. **Underwriter**—Grover O'Neill & Co., New York.

★ **Dixie Aluminum Corp., Rome, Georgia**
March 23 (letter of notification) 2,890 shares of common stock (par $1). **Price**—$3.50 per share. **Proceeds**—To Julius B. Dodds, Sr. of Rome Bank & Trust Co., Rome, Ga. **Office**—102 North Hanks St., Rome, Ga. **Underwriter**—Scott, Horner & Mason, Inc., Lynchburg, Va.

Doctors Oil Corp., Carrollton, Tex.
Feb. 23 filed 500,000 shares of common stock (par 10 cents). **Price** — $1 per share. **Proceeds** — For working capital, to be devoted mainly to acquiring, exploring, developing and operating oil and gas properties; and to pay off $13,590.80 liabilities. **Underwriter** — James C. McKeever & Associates, Oklahoma City, Okla.

Duquesne Light Co. (4/4)
March 1 filed $20,000,000 of first mortgage bonds due April 1, 1986. **Proceeds** — For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Kuhn, Loeb & Co., Union Securities Corp. and A. C. Allyn & Co., Inc. (jointly); Drexel & Co. and Equitable Securities Corp. (jointly); Glore, Forgan & Co.; Harriman Ripley & Co. Inc.; The First Boston Corp. **Bids**—Expected to be received up to 11 a.m. (EST) on April 4 at Room 1540, 15 Broad St., New York, N. Y.

● **Eagle Fire Insurance Co.**
Feb. 1 (letter of notification) 72,565 shares of common stock (par $1.25) being offered for subscription by stockholders on the basis of one share for each five shares held as of Feb. 27; rights to expire on April 27. **Price**—$3.60 per share. **Proceeds**—For working capital. **Office**—26 Journal Square, Jersey City 6, N. J. **Underwriter**—None.

El Paso Electric Co. (4/6)
March 15 filed 56,025 shares of common stock (no par) to be offered for subscription by common stockholders of record April 4, 1956, at the rate of one new share for each 15 shares held (with an oversubscription privilege); rights to expire on April 25. **Price**—To be supplied by amendment. **Proceeds** — Together with approximately $2,000,000 which the company expects to obtain in May, 1956, from sale of 20,000 shares of a new series of preferred stock, for construction program. **Dealer-Manager**—Stone & Webster Securities Corp., New York.

★ **El Paso Trailer Sales, Inc., El Paso, Texas**
March 14 (letter of notification) 120,000 shares of common stock (par $1). **Price**—$2.50 per share. **Proceeds**—To acquire land for a trailer park, construction of work shop and working capital. **Office** — 4381 Mesa Road, El Paso, Texas. **Underwriters** — Paul Till William Schooley and Charles E. Jordan, all of El Paso, Texas.

Family Finance Corp.
Feb. 29 filed 100,430 shares of common stock (par $1) being offered for subscription by common stockholders of record March 20 on the basis of one new share for each 20 shares held; rights to expire on April 4. **Price**—$15 per share). **Proceeds**—For working capital. **Underwriter**—Goldman, Sachs & Co., New York.

★ **Fidelity Fund, Inc., Boston, Mass.**
March 22 filed (by amendment) an additional 3,000,000 shares of capital stock (par $1). **Price**—At market. **Proceeds**—For investment.

★ **First Investors Corp., New York**
March 23 filed (by amendment) an additional $50,000,000 of Periodic Payment Plans (IM and IMN) and Single Payment Plans (IMP). **Proceeds**—For investment.

First Lewis Corp.
March 1 (letter of notification) 60,000 shares of 7% preferred stock. **Price**—At par ($5 per share). **Proceeds**—For working capital and general corporate purposes. **Business** — General brokerage business. **Office** — 165 Broadway, New York, N. Y. **Underwriter**—Basic Industries Corp., 31 State St., Boston, Mass.

● **Florida Power & Light Co. (4/3)**
March 2 filed $15,000,000 of first mortgage bonds due 1986. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Beane; Blyth & Co., Inc., and Lehman Brothers (jointly); White, Weld & Co.; The First Boston Corp. **Bids**—To be received up to 11 a.m. (EST) on April 3 at Room 2518, Two Rector St., New York, N. Y.

Florida Sun Life Insurance Co.
March 16 filed 32,000 shares of common stock (par $1). **Price**—$10 per share. **Proceeds**—To expand company's business. **Office**—Fort Lauderdale, Fla. **Underwriter**—None. Offering will be made through James C. Dean, President of company.

Florida Telephone Corp. (4/4)
March 15 filed 77,350 shares of common stock (par $10) to be offered for subscription by common stockholders at the rate of one share for each four shares held as of April 3; rights to expire on April 23. Of any unsubscribed stock, up to 3,000 shares are to be offered for subscription by employees of company. **Price**—To be supplied by amendment. **Proceeds** — For construction program. **Underwriters** — Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane, both of New York.

Fort Pitt Packaging International, Inc.
June 30 filed 300,000 shares of common stock (par 10¢), of which 250,000 shares of for account of company and 50,000 shares of five selling stockholders. **Price**—$3 per share. **Proceeds**—For working capital; for exploitation of "Totosave" system; and for marketing of "Tropic-Ray" infra-red space heater. **Office** — Pittsburgh, Pa. **Underwriter**—Barrett Herrick & Co., Inc., New York.

★ **Franklin National Life Insurance Co.**
March 23 (letter of notification) 6,000 shares of common stock (par $10). **Price**—$50 per share. **Proceeds**—To increase working capital. **Office**—108 West Washington, St., Greenville, S. C. **Underwriter**—None.

Frontier Assurance Co., Phoenix, Ariz.
Dec. 2 (letter of notification) 2,000 shares of class B voting common stock (par $25), being offered for subscription by holders of class A common stock on a 2-for-1 basis from Jan. 15 to April 1, 1956. **Price**—$36.50 per share. **Proceeds**—For capital and surplus. **Office**—4143 N. 19th Ave., Phoenix, Ariz. **Underwriter**—None.

Continued on page 70

NEW ISSUE CALENDAR

March 29 (Thursday)

Georgia Power Co.____Bonds
(Bids 11 a.m. EST) $12,000,000

March 30 (Friday)

New England Trust Co.____Common
(Offering to stockholders) 40,000 shares

April 2 (Monday)

Grolier Society, Inc.____Common
(Dominick & Dominick; George D. B Bonbright & Co.; Ball, Burge & Kraus; and Foster & Marshall) $300.000

April 3 (Tuesday)

Caterpillar Tractor Co.____Common
(Blyth & Co., Inc.) 500,000 shares

Columbus & Southern Ohio Electric Co.____Bonds
(Bids 11 a.m. EST) $12,000,000

Florida Power & Light Co.____Bonds
(Bids 11 a.m. EST) $15,000,000

April 4 (Wednesday)

Alpha Beta Food Markets, Inc.____Common
(Dean Witter & Co.) 100,000 shares

Atomic, Electronic & Chemical Fund, Inc.____Com.
(Lee Higginson Corp.) 400,000 shares

Central Illinois Light Co.____Common
(Offering to stockholders—to be underwritten by Union Securities Corp.) 100,000 shares

Duquesne Light Co.____Bonds
(Bids 11 a.m. EST) $20,000,000

Florida Telephone Corp.____Common
(Offering to stockholders—to be underwritten by Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane) 77,350 shares

Great Northern Ry.____Equip. Trust Ctfs.
(Bids noon EST) $6,600,000

Harvard Brewing Co.____Common
(Bids 3 p.m. EST) 345,760 shares

Plantation Pipe Line Co.____Debentures
(Morgan Stanley & Co.) $25,000,000

Shulton, Inc.____Class A and Class B Common
(Kidder, Peabody & Co. and Lee Higginson Corp.) 110,000 shares of each class

(April 5 (Thursday)

Chance (A. B.) Co.____Common
(Stifel, Nicolaus & Co., Inc.) 50,000 shares

Helene Curtis Industries, Inc.____Class A Common
(H. M. Byllesby & Co. Inc.) 375,000 shares

Spokane Natural Gas Co.____Notes & Common
(White, Weld & Co.) $3,505,000 notes and 70,100 shares of stock

United States Envelope Co.____Common
(Offering to stockholders—Dealer-Manager to be Hayden, Stone & Co.) 123,046 shares

April 6 (Friday)

El Paso Electric Co.____Common
(Offering to stockholders—Dealer-Manager to be Stone & Webster Securities Corp.) 56.025 shares

April 9 (Monday)

Montrose Chemical Co.____Common
(Van Alstyne, Noel & Co.) $5,348,880

Sierra Prefabricators, Inc.____Common
(S. D. Fuller & Co.) $299,000

Wells Fargo Bank____Common
(Offering to stockholders—to be underwritten by Dean Witter & Co.; Blyth & Co., Inc.; and The First Boston Corp.) 100,000 shares

Westcoast Transmission Co., Ltd.____Debs. & Com.
(Eastman, Dillon & Co.) $20,500,000 debetnures and 615,000 shares of stock

April 10 (Tuesday)

Columbia Gas System, Inc.____Debentures
(Bids noon EST) $40,000,000

Kansas City Power & Light Co.____Preferred
(Blyth & Co., Inc. and The First Boston Corp.) $12,000,000

Kentucky Utilities Co.____Bonds
(Bids 10 a.m. CST) $10,000,000

Van Norman Industries, Inc.____Debentures
(Kidder, Peabody & Co.) $2,000,000

April 11 (Wednesday)

Ceco Steel Products Corp.____Common
(Hornblower & Weeks) 210,000 shares

April 12 (Thursday)

Seaboard & Western Airlines, Inc.____Common
(Union Securities Corp.) 180,000 shares

April 16 (Monday)

Texize Chemicals, Inc.____Debentures
(To be offered first to stockholders—underwritten by Edgar M. Norris and Alester G. Furnam Co.) $742,800

April 17 (Tuesday)

Schield Bantam Co.____Common
(Granbery, Marache & Co.) 200,000 shares

Southern California Edison Co.____Bonds
(Bids to be invited) $40,000,000

April 18 (Wednesday)

Consolidated Cement Corp.____Common
(Merrill Lynch, Pierce, Fenner & Beane) 150,000 shares

Hanover Shoe, Inc.____Common
(Drexel & Co.) 150,000 shares

New England Electric System____Common
(Offering to stockholders—Bids 11 a.m. EST) 834,976 shares

Orangeburg Mfg. Co.____Common
(Smith, Barney & Co.) 80,000 shares

Oswego Falls Corp.____Debentures
(Offering to stockholders—to be underwritten by Hornblower & Weeks) $5,001,100

April 19 (Thursday)

Portland Gas & Coke Co.____Bonds
(Bids noon EST) $16,500,000

April 20 (Friday)

General Telephone Corp.____Debentures
(Offering to stockholders—to be underwritten by Paine, Webber, Jackson & Curtis) $55,000,000

April 24 (Tuesday)

Anderson-Prichard Oil Corp.____Preferred
(Glore, Forgan & Co.) $10,000,000

Wisconsin Electric Power Co.____Bonds
(Bids to be invited) $30,000,000

Wisconsin Electric Power Co.____Common
(Offering to stockholders—no underwriting) 463,641 shares

April 26 (Thursday)

General American Transportation Corp.____Debens.
(Offering to stockholders—to be underwritten by Kuhn, Loeb & Co.) $25,000,000

Long Island Lighting Co.____Preferred
(Blyth & Co., Inc.; The First Boston Corp.; and W. C. Langley & Co.) $12,000,000

May 1 (Tuesday)

El Paso Electric Co.____Preferred
(Bids 11 a.m. EST) $2,000,000

Simca____Common
(Offering to stockholders—no underwriting) 1,455,713 French shares

May 7 (Monday)

Duke Power Co.____Bonds
(Bids to be invited) $30,000,000

May 8 (Tuesday)

National Fuel Gas Co.____Common
(Offering to stockholders—no underwriting) 447,979 shares

Niagara Mohawk Power Corp.____Preferred
(Bids may be invited) $20,000,000

May 9 (Wednesday)

Niagara Mohawk Power Corp.____Bonds
(Bids to be invited) $30,000,000

May 11 (Friday)

Duke Power Co.____Common
(Offering to stockholders—no underwriter) 367,478 shares

May 15 (Tuesday)

Pennsylvania Electric Co.____Bonds
(Bids to be invited) $25,000,000

Pennsylvania Electric Co.____Preferred
(Bids to be invited) $9,000,000

May 16 (Wednesday)

Northern Illinois Gas Co.____Bonds
(Bids to be invited) $15,000,000

May 23 (Wednesday)

Southern California Gas Co.____Bonds
(Bids to be invited) $40,000,000

June 5 (Tuesday)

Commonwealth Edison Co.____Bonds
(Bids to be invited) $35,000,000 to $50,000,000

July 11 (Wednesday)

Florida Power Corp.____Bonds
(Bids to be invited) $20,000,000

July 25 (Wednesday)

Consolidated Natural Gas Co.____Debentures
(Bids to be invited) $30,000,000

September 11 (Tuesday)

Carolina Power & Light Co.____Bonds
(Bids to be invited) $15,000,000

September 25 (Tuesday)

Virginia Electric & Power Co.____Bonds
(Bids to be invited) $20,000,000

October 1 (Monday)

Tampa Electric Co.____Bonds
(Bids to be invited) $10,000,000

October 2 (Tuesday)

Columbia Gas System, Inc.____Debentures
(Bids to be invited) $30,000,000

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Gas Hills Mining and Oil, Inc.
Jan. 4 (letter of notification) 1,200,000 shares of common stock (par five cents). **Price** — 25 cents per share. **Proceeds**—For expenses incident to mining operations. **Office**—Kemmerer, Wyo. **Underwriter**—Philip Gordon & Co., Inc., New York 6, N. Y.

General Uranium Corp. (N. J.), New York
Jan. 18 filed 400,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For plant facilities, survey of property and underground development. **Underwriter**—None. Maurice Schack, Middletown, N. Y., is President.

★ **General Uranium, Inc., Spokane, Wash.**
March 13 (letter of notification) 500,000 shares of common stock. **Price**—At par (five cents per share). **Proceeds**—For mining expenses. **Office**—716 Old National Bank Bldg., Spokane, Wash. **Underwriter**—None.

Georgia Power Co. (3/29)
March 2 filed $12,000,000 of first mortgage bonds due April 1, 1986. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; The First Boston Corp.; Shields & Co. and Salomon Bros. & Hutzler (jointly); Harriman Ripley & Co. Inc.; Lehman Brothers; Blyth Co., Inc. and Kidder, Peabody & Co. (jointly); Union Securities Corp. and Equitable Securities Corp. (jointly). **Bids**—Expected to be received up to 11 a.m. (EST) on March 29 at office of Southern Services, Inc., Room 1600, 250 Park Ave., New York 17, N. Y.

Glen Alsace Water Co., Reading, Pa.
March 13 (letter of notification) $200,000 of 4½% first mortgage bonds, series A. **Price**—At par. **Proceeds**—To acquire assets of a water company. **Office**—536 North 25th St., Pennside, Reading, Pa. **Underwriter**—Blair & Co., Inc., Philadelphia 2, Pa.

Golden Dawn Uranium Corp., Buena Vista, Colo.
Dec. 27 (letter of notification) 3,000,000 shares of capital stock (par five cents). **Price**—10 cents per share. **Proceeds** — For mining expenses. **Underwriter** — Bel-Air Securities Co., Provo, Utah.

Good Luck Glove Co., Carbondale, Ill.
Jan. 30 filed $550,000 of 6% 10-year convertible subordinated debentures due April 1, 1966. **Price**—100% of principal amount. **Proceeds**—To repurchase stock of company held by C. T. Houghten. **Underwriter**—Edward D. Jones & Co., St. Louis, Mo.

Grammes (L. F.) & Sons, Inc., Allentown, Pa.
Jan. 27 (letter of notification) 1,279 shares of common stock (no par) to be offered to present stockholders and employees. **Price**—$22 per share. **Proceeds**—To increase working capital. **Office** — Jordan & Union Sts., Allentown, Pa. **Underwriter**—None.

★ **Greater Muskegon Industrial Fund, Inc.**
March 19 (letter of notification) 28,825.5 shares of common stock. **Price**—At par ($10 per share). **Proceeds**—To increase capital funds. **Office**—8-12 W. Walton Ave., Muskegon, Mich. **Underwriter**—None.

● **Grolier Society, Inc. (4/2-6)**
Feb. 23 (letter of notification) 12,000 shares of common stock (par $1), of which 8,000 shares are for account of company and 4,000 shares for selling stockholders. **Price**—$25 per share. **Proceeds**—For working capital and general corporate purposes. **Underwriters** — Dominick & Dominick, New York; George D. B. Bonbright & Co., Rochester, N. Y.; Ball, Burge & Kraus, Cleveland, O.; and Foster & Marshall, Seattle, Wash.

Guaranty Income Life Insurance Co.
Dec. 30 (letter of notification) 24,000 shares of capital stock (par $5) to be offered first to stockholders; then policyholders and the public. **Price**—$10 per share. **Proceeds**—For working capital. **Address**—P. O. Box 2231, Baton Rouge, La. **Underwriter**—None.

★ **Hanover Shoe, Inc., Hanover, Pa. (4/18)**
March 23 filed 150,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Underwriter**—Drexel & Co., Philadelphia, Pa.

Hard Rock Mining Co., Pittsburgh, Pa.
Feb. 20 (letter of notification) 1,000,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds**—To purchase machinery and equipment and for working capital. **Office** — 377 McKee Place, Pittsburgh, Pa. **Underwriter**—Graham & Co., Pittsburgh, Pa.

● **Hawaiian Telephone Co., Honolulu, Hawaii**
Feb. 27 filed 266,693 shares of common stock (par $10) being offered for subscription by common stockholders of record March 1, 1956, at the rate of one new share for each five shares held (with an oversubscription privilege); rights to expire on April 9. **Price**—$14 per share. **Proceeds**—For payment of bank loans and construction program. **Underwriter**—None. Statement effective March 20.

● **Helene Curtis Industries, Inc. (4/5)**
March 16 filed 375,000 shares of class A common stock (par $1). **Price**—Expected at $10 per share. **Proceeds**—To certain selling stockholders. **Underwriter**—H. M. Byllesby & Co., Inc., Chicago, Ill.

Helio Aircraft Corp., Canton, Mass.
Dec. 29 filed 150,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For improvements, research, development and working capital. **Office**—Metropolitan Airport, Canton (Norwood P. O.), Mass. **Underwriter**—To be supplied by amendment.

★ **Hercules Powder Co.**
March 23 filed $5,000,000 of interests or participations in company's Employee Savings Plan, together with 107,000 shares of common stock to be issued under the plan.

Hometrust Corp., Inc., Montgomery, Ala.
Jan. 5 filed 125,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds** — To expand operations of subsidiary and increase investment therein. **Underwriter**—None.

Honey Dew Food Markets, Inc.
March 12 (letter of notification) 200,000 shares of common stock (par 10 cents). **Price**—$1.50 per share. **Proceeds**—To open or acquire additional super markets and for working capital. **Office**—811 Grange Road, Teaneck, N. J. **Underwriter**—Brown, Barton & Engel, Newark, N. J.

★ **Hooker Electrochemical Co.**
March 21 filed 75,000 shares of common stock to be offered to eligible employees of company and of its majority-owned subsidiaries under the Employees' Stock Purchase Plan of the company.

Hydro-Loc, Inc., Seattle, Wash.
Oct. 25 (letter of notification) 1,674 shares of capital stock. **Price**—At par ($100 per share). **Proceeds**—For working capital, etc. **Office**—603 Central Bldg., Seattle 4, Wash. **Underwriter**—Pacific Brokerage Co. of Seattle, Wash.

Idaho-Alta Metals Corp.
March 7 (letter of notification) 120,000 shares of common stock (par 10 cents). **Price**—$1.50 per share. **Proceeds**—For exploration and development expenses. **Underwriter** — Fenner Corp. (formerly Fenner-Streitman & Co.), New York.

Ideal-Aerosmith, Inc., Hawthorne, Calif.
Dec. 16 (letter of notification) 150,000 shares of capital stock (par $1). **Price** — $2 per share. **Proceeds** — For equipment, machinery, inventory, etc. **Office**—12909 So. Cerise Ave., Hawthorne, Calif. **Underwriter**—Samuel B. Franklin & Co., Los Angeles, Calif.

Industrial Minerals Development Corp.
March 7 (letter of notification) 1,000,000 shares of common stock. **Price**—Five cents per share. **Proceeds**—For development and working capital. **Office**—Moab, Utah. **Underwriter**—I. J. Schenin Co., New York.

Insulated Circuits, Inc., Belleville, N. J.
Nov. 10 filed 100,000 shares of 6% convertible preferred stock (cumulative if and to the extent earned). **Price**—At par ($5 per share). **Proceeds**—For general corporate purposes. **Underwriter** — Alexander Watt & Co., Inc., New York.

International Atomic Devices Corp.
Feb. 21 (letter of notification) 59,900 shares of common stock (par $2). **Price** — $5 per share. **Proceeds** — For working capital and general corporate purposes. **Business**—Manufacture of Educational Atomic Kits. **Office**—18 North Willow St., Trenton 8, N. J. **Underwriter**—Louis R. Dreyling & Co., Jamesburg, N. J.

International Basic Metals, Inc.
Jan. 27 (letter of notification) 1,000,000 shares of common stock (par 10 cents). **Price** — 25 cents per share. **Proceeds**—For mining expenses. **Office**—155 West South Temple St., Salt Lake City, Utah. **Underwriter**—Melvin G. Flegal & Co., Salt Lake City, Utah.

International Metals Corp.
Oct. 4 filed 400,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—To finance exploration and development of mining properties of Recursos Mineros Mexicanos, S. A., Mexican subsidiary, and to discharge note. **Office** — Houston, Tex. **Underwriter**—Gearhart & Otis, Inc., New York.

International Plastic Industries Corp.
Oct. 12 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For advances to Arliss Co., Inc. for purchase of equipment, etc. **Office** — 369-375 DeKalb Ave., Brooklyn 5, N. Y. **Underwriter**—Kamen & Co., New York.

★ **Investors Syndicate of America, Inc.**
March 26 filed (by amendment) additional $1,000,000 Single Payment Series "B" Fully Paid Face Amount Certificates and Instalment Face Amount Certificates as follows: $1,000,000 series 6; $10,000,000 series 10; $50,000,000, series 15; and $100,000,000 series 20.

"Isras" Israel-Rassco Investment Co., Ltd.
Sept. 28 filed 9,000 ordinary shares. **Price**—At par (100 Israel pounds each, or about $55 in U. S. funds), payable in State of Israel Independence Issue Bonds only. **Office**—Tel Aviv, Israel. **Underwriter** — Rassco Israel Corp., New York.

Jurassic Minerals, Inc., Cortez, Colo.
Aug. 26 (letter of notification) 2,855,000 shares of nonassessable common stock (par one cent). **Price**—10 cents per share. **Proceeds**—For expenses incident to mining activities. **Office** — 326 West Montezuma St., Cortez, Colo. **Underwriter** — Bay Securities Corp., New York, New York.

Kansas City Power & Light Co. (4/10)
March 21 filed 120,000 shares of cumulative preferred stock (par $100). **Price**—To be supplied by amendment. **Proceeds**—To retire short term bank loans. **Underwriters**—Blyth & Co., Inc. and The First Boston Corp., both of New York.

Kassel Base Metals, Inc.
Feb. 6 (letter of notification) 120,000 shares of capital stock (par 10 cents), of which 20,000 shares are being sold by Burt Hamilton Co. and 100,000 shares by Kassel company. **Price**—$2.25 per share. **Proceeds**—For mining expenses. **Office**—1019 Adolphus Tower Bldg., Dallas, Texas. **Underwriter**—First Western Corp., Denver, Colorado.

Kentucky Utilities Co. (4/10)
March 12 filed $10,000,000 of first mortgage bonds, series G, due April 1, 1986. **Proceeds** — For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; Lee Higginson Corp.; Equitable Securities Corp.; Kidder, Peabody & Co. and White, Weld & Co. (jointly); Union Securities Corp. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Baxter, Williams & Co.; Kuhn, Loeb & Co. **Bids**—To be received up to 10 a.m. (CST) on April 10.

Laclede Gas Co., St. Louis, Mo.
Feb. 21 filed 202,657 shares of 4.32% convertible preferred stock, series A being offered for subscription by common stockholders of record March 16, 1956, at the rate of one preferred share for each 15 shares of common stock held; rights to expire on April 3. **Price**—At par ($25 per share). **Proceeds** — To reduce bank loans. **Underwriter** — Lehman Brothers; Merrill Lynch, Pierce, Fenner & Beane and Reinholdt & Gardner and associates who won award of the issue on March 14.

Lawyers Mortgage & Title Co.
Jan. 11 (letter of notification) 60,412 shares of common stock (par 65 cents) to be offered first to stockholders. Maxwell M. Powell (Vice-President) and Rudolph J. Welti (a director) will purchase up to a total of 10,000 shares each of any unsubscribed shares. **Price**—$1.50 per share. **Proceeds** — For working capital. **Office** — 115 Broadway, New York, N. Y. **Underwriter**—None.

Lester Engineering Co., Cleveland, Ohio
Feb. 24 (letter of notification) 37,500 shares of common stock (par $1) to be offered for subscription by common stockholders of record March 1, 1956 on the basis of one new share for each 4¼ shares held. Of the unsubscribed portion, up to 7,500 shares are to be offered to employees. **Price**—$8 per share. **Proceeds** — For general corporate purposes. **Office**—2711 Church Ave., Cleveland, Ohio. **Underwriter**—None.

★ **Liberty Income Fund, Inc., Houston, Texas**
March 21 filed 300,000 shares of capital stock. **Price**—At market. **Proceeds**—For investment.

Lost Canyon Uranium & Oil Co.
Oct. 6 (letter of notification) 3,000,000 shares of nonassessable capital stock (par one cent). **Price**—10 cents per share. **Proceeds**—For expenses incident to mining operations. **Office** — Simms Bldg., Albuquerque, N. M. **Underwriter**—Mid-America Securities Inc. of Utah, Salt Lake City, Utah.

● **Manati Sugar Co.**
March 5 filed $2,184,300 of 6% collateral trust bonds due 1965 being offered in exchange for presently outstanding 4% bonds maturing Feb. 1, 1957 on a par-for-par basis. Unexchanged bonds may be sold by company at approximately the principal amount thereof plus interest. The offer will expire on April 27. **Proceeds**—To retire old bonds.

Manufacturers Cutter Corp.
Oct. 18 (letter of notification) 300,000 shares of class A common stock. **Price**—At par ($1 per share). **Proceeds**—To repay loans, and for new equipment and working capital. **Business**—Cutting tools. **Office**—275 Jefferson St., Newark, N. J. **Underwriter**—Paul C. Ferguson & Co., same city.

Manville Oil & Uranium Co., Inc., Douglas, Wyo.
Feb. 21 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—50 cents per share. **Proceeds**—For mining expenses. **Office**—308 East Center St., Douglas, Wyo. **Underwriter**—Colorado Investment Co., Denver, Colo.

★ **Mayfair Markets, Los Angeles, Calif.**
March 8 (letter of notification) 5,000 shares of $3 cumulative preferred stock (par $50) and 5,000 shares of common stock (par $1) to be offered in units of one share of preferred and one share of common stock. **Price**—$60 per unit. **Proceeds**—For working capital. **Office**—4383 Bandini Blvd., Los Angeles, Calif. **Underwriter**—None.

Medicine Bow Uranium Co., Inc.
March 14 (letter of notification) 2,500,000 shares of capital stock. **Price**—At par (five cents per share). **Proceeds**—For mining expenses. **Office**—345 South State, Salt Lake City, Utah. **Underwriter**—Davis-Boyack Co., Salt Lake City, Utah.

Mercantile Acceptance Corp. of California, Calif.
Jan. 18 (letter of notification) 15,000 shares of 5% cumulative first preferred stock. **Price** — At par ($20 per share). **Proceeds** — For working capital. **Office** — 333 Montgomery St., San Francisco, Calif. **Underwriter**—Guardian Securities Corp., San Francisco, Calif.

Midland General Hospital, Inc., Bronx, N. Y.
Jan. 12 filed 24,120 shares of common stock (no par) and 30,000 shares of $6 dividend preferred stock (no par). The company does not intend presently to sell more stock than is required to raise, at most, $2,700,000. **Price** — $100 per share. **Proceeds** — For construction, working capital, reserve, etc. **Underwriter**—None.

★ **Midwest Oil Corp., Denver, Colo.**
March 9 (letter of notification) an undetermined number of shares of common stock (par $10) to be offered to employees under the company's thrift plan at an average cost aggregating a total of $50,000. **Underwriter**—None.

Mineral Projects-Venture C, Ltd., Madison, N. J.
Feb. 7 filed $4,000,000 of participations in capital as limited partnership interests in the venture to be sold in minimum units of $25,000. **Proceeds**—For expenses incidental to oil exploration program. **Underwriter**—Mineral Projects Co., Ltd., on "best efforts basis."

● **Montrose Chemical Co. (4/9-13)**
March 15 filed 594,320 shares of common stock (par $1). **Price**—$9 per share. **Proceeds**—To selling stockholders. **Underwriter** — Van Alstyne, Noel & Co., New York.

Mormon Trail Mining Corp., Salt Lake City, Utah
Feb. 9 (letter of notification) 3,000,000 shares of capital stock (par one cent). **Price**—10 cents per share. **Proceeds**—For mining expenses. **Office**—223 Phillips Petroleum Bldg., Salt Lake City, Utah. **Underwriter**—Frontier Investment, Inc., Las Vegas, Nev.

★ **National Fuel Gas Co. (5/8)**
March 28 filed 447,979 shares of common stock (par $10) to be offered for subscription by common stockholders of record May 8, 1956, on the basis of one new share for each 10 shares held. **Price**—To be supplied by amendment. **Proceeds**—To be used to purchase common stock, or for loans to the operating subsidiaries; and for other corporate purposes. **Underwriter**—None.

National Lithium Corp., Denver, Colo.
Dec. 27 (letter of notification) 300,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For mining expenses. **Office** — 556 Denver Club Bldg., Denver, Colo. **Underwriter** — Investment Service Co., same city.

National Metallizing Corp.
March 5 (letter of notification) 24,000 shares of Class A stock (par $1) and 40,000 shares of Class B stock (par $1) to be offered for subscription by Class A and Class B stockholders of record Feb. 1, 1956 on a 1-for-4 basis. **Price**—$2 per share. **Proceeds**—For vacuum metallizing, conditioning, slitting and inspection machinery. **Office**—1145-19th St., N. W., Washington, D. C. **Underwriter**—None.

National Old Line Insurance Co.
Nov. 15 filed 50,000 shares of class A common stock (par $2) and 50,000 shares of class B common stock (par $2). Price—To be supplied by amendment. Proceeds — To selling stockholders. Office — Little Rock, Ark. Underwriter—Equitable Securities Corp., Nashville, Tenn., and New York, N. Y. Offering—Indefinitely postponed.

New England Electric System (4/18)
March 19 filed 834,976 shares of common stock (par $1 to be offered for subscription by common stockholders of record on or about April 18, 1956, on the basis of one new share for each 12 shares held. **Proceeds**—To further construction plans of subsidiaries, either through loans to the subsidiaries or purchases of additional shares of their capital stock; any balance to be used for general corporate purposes of company. **Underwriter** — To be determined by competitive bidding. Probable bidders: Blyth & Co., Inc., Lehman Bros., and Bear, Stearns & Co. (jointly); Carl M. Loeb, Rhoades & Co., Ladenburg, Thalmann & Co., and Wertheim & Co. (jointly); Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co. and White, Weld & Co. (jointly). **Bids**—Expected to be received up to 11 a.m. (EST) on April 18 at 441 Stuart St., Boston 16, Mass.

● **New South Textile Mills, Jackson, Miss.**
Jan. 13 filed 2,298,000 shares of common stock (par $1). Price—$3 per share. **Proceeds**—For acquisition of properties and general corporate purposes. **Underwriter**—To be named by amendment. Statement effective March 12.

Nicholson (W. H.) & Co., Wilkes-Barre, Pa.
Jan. 16 filed 20,000 shares of common stock (par $5). **Price**—$25 per share. **Proceeds** — For working capital. **Underwriter**—None. A. E. Nicholson Jr. of Kingston, Pa. is President.

North Pittsburgh Telephone Co., Gibsonia, Pa.
Jan. 6 (letter of notification) 4,000 shares of common stock to be offered for subscription by stockholders. **Price**—At par ($25 per share). **Proceeds**—To be used to reduce the demand notes outstanding. **Office**—Gibsonia, Allegheny County, Pa. **Underwriter**—None.

★ **North Star Uranium, Inc., Spokane, Wash.**
March 15 (letter of notification) 1,500,000 shares of common stock (par 10 cents). **Price**—15 cents per share. **Proceeds**—For mining expenses. **Office**—W. 408 Indiana Avenue, Spokane, Wash. **Underwriter**—Pennaluna & Co., Spokane, Wash.

Oak Mineral & Oil Corp., Farmington, N. M.
Nov. 8 (letter of notification) 2,000,000 shares of common stock (par five cents). **Price**—15 cents per share. **Proceeds**—For exploration and development and other general corporate purposes. **Underwriter**—Philip Gordon & Co., New York.

★ **120 Broadway Associates, New York**
March 21 filed $10,450,000 of "Participations in Partnership Interests" to be offered in units of $1,000 each. **Proceeds**—To pay balance due under purchase contract, to reimburse the partners for a portion of the deposit advanced to purchase the master leasehold on the land and building located at 120 Broadway, New York City, known as the Equitable Building, and to defray costs incident to the purchase. Associates will not operate the property but will execute a net sublease of the entire premises to Webb & Knapp, Inc. **Underwriter**—None.

★ **Orangeburg Mfg. Co., Orangeburg, N. Y. (4/18)**
March 28 filed 80,000 shares of common stock (par $5), of which 61,740 shares are for the company's account and 18,260 shares for a selling stockholder. **Price**—To be supplied by amendment. **Proceeds**—For expansion program. **Underwriter**—Smith, Barney & Co., New York.

★ **Oswego Falls Corp., Fulton, N. Y. (4/18)**
March 27 filed $5,001,100 of subordinate debentures due April 1, 1976 convertible to and including April 1, 1966, to be offered for subscription by common stockholders of record about April 17, 1956 on the basis of $100 of debentures for each 13 shares of common stock held. **Price** — To be supplied by amendment. **Proceeds**—For expansion and equipment and $1,700,000 to redeem outstanding 4½% cumulative preferred stock. **Underwriter**—Hornblower & Weeks, New York.

★ **Palo Duro Uranium, Inc., Amarillo, Texas**
March 14 (letter of notification) 22,800 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For mining expenses. **Office**—705 West 10th Street, Amarillo, Texas. **Underwriter**—None.

Paria Uranium & Oil Corp.
Oct. 17 (letter of notification) 3,000,000 shares of common stock (par five cents). **Price**—10 cents per share. **Proceeds** — For mining expenses. **Office** — Newhouse Bldg., Salt Lake City, Utah. **Underwriter** — Western States Investment Co., Tulsa, Okla.

Peabody Coal Co., Chicago, Ill.
Feb. 27 filed 210,823 shares of common stock to be offered for subscription by stockholders of record Jan. 30, 1956 on the basis of nine additional shares of common stock for each 100 common shares held and nine new shares of common stock for each 45 shares of preferred stock held. This offer will not be made to holders of the 6,492,164 shares of common stock issued for the acquisition of the Sinclair properties under an offer of June 28, 1955. **Price**—At par ($5 per share). **Proceeds**—For working capital and general corporate purposes. **Underwriter**—None.

Peninsula Telephone Co., Tampa, Fla.
March 2 filed 189,844 shares of common stock (no par) being offered for subscription by common stockholders at the rate of one new share for each five shares held on March 21; rights to expire on April 5. **Price**—$36 per share. **Proceeds**—To repay bank loans and for new construction. **Underwriters**—Morgan Stanley & Co. and Coggeshall & Hicks, both of New York.

Pinellas Industries, Inc., St. Petersburg, Fla.
Feb. 16 (letter of notification) 8,000 shares of class A common stock (par $1). **Price**—At the market (maximum $6). **Proceeds**—For working capital. **Office**—34th St. & 22nd Ave., North, St. Petersburg, Fla. **Underwriter**—Eisele & King, Libaire, Stout & Co., New York.

Pipelife Corp., Tulsa, Okla.
Nov. 29 filed 115,000 shares of common stock (par $1). Price—$4 per share. **Proceeds**—To pay current accounts and notes payable; for research and development; and general corporate purposes. **Underwriter** — **North** American Securities Co., Tulsa, Okla.

Plantation Pipe Line Co., Atlanta, Ga. (4/4)
March 15 filed $25,000,000 of 30-year sinking fund debentures due 1986. **Price**—To be supplied by amendment. **Proceeds** — For capital improvements. **Underwriter**—Morgan Stanley & Co., New York.

★ **Portland Gas & Coke Co. (4/19)**
March 23 filed $16,500,000 of first mortgage bonds due 1976. **Proceeds**—To retire outstanding $10,000,000 3⅛% bonds due 1976 at 103.08% and $3,150,000 3⅞% bonds due 1974 at 103.00%; and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; White, Weld & Co.; Lehman Brothers and Blyth & Co., Inc. (jointly). **Bids**—Tentatively expected to be received up to noon (EST) on April 19.

Precision Radiation Instruments, Inc.
Feb. 23 (letter of notification) 22,222 shares of common stock (par 50 cents). **Price**—$2 per share. **Proceeds**—To Leslie M. Norman, President, who is the selling stockholder. **Office**—4223 W. Jefferson Blvd., Los Angeles, Calif. **Underwriter**—Dempsey-Tegeler & Co., same city.

Quo Vadis Mines, Inc., Las Vegas, Nev.
March 8 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For mining expenses. **Office**—Viener-Jones Bldg., 230 S. 5th St., Las Vegas, Nev. **Underwriter** — First Jersey Securities Corp., Newark, N. J.

R. and P. Minerals, Inc., Reno, Nev.
Feb. 14 (letter of notification) 500,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For mining expenses. **Office**—573 Mill St., Reno, Nev. **Underwriter**—Utility Investments, Inc., Reno, Nev.

★ **Rajamac Sales Co., Inc., Wilmington, Del.**
March 23 (letter of notification) 20,000 shares of class A common stock and 10,000 shares of class B common stock. **Price**—At par ($5 per share). **Proceeds**—For operating capital and surplus and purchase of vending machines, etc. **Office**—100 West Tenth St., Wilmington, Del. **Underwriter**—None.

Rapp (Fred P.), Inc., St. Louis, Mo.
March 2 filed 150,000 shares of 5½% cumulative preferred stock (par $10). **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans incurred by company to redeem and cancel all of the issued and outstanding shares of 4% and 7% preferred stock; and for expansion program. **Underwriter**—Edward D. Jones & Co., St. Louis, Mo.

Redlands Oil Co., Ltd.
Jan. 23 filed $1,000,000 of partnership interests to be offered in minimum amounts of $25,000. **Proceeds**—To acquire leases for drilling for oil and gas and for development costs. **Underwriter** — Name to be supplied by amendment.

Regan Bros. Co., Minneapolis, Minn.
Feb. 17 filed $500,000 of 6% sinking fund first mortgage bonds due 1976. **Price**—100% of principal amount. **Proceeds**—To purchase 36,128 shares of capital stock at a price of $10 per share from stockholders retiring from the company, and for working capital. **Business**—Manufactures and sells at wholesale bread products. **Underwriter**—M. H. Bishop & Co., Minneapolis, Minn.

Reno Hacienda Inc., Inglewood, Calif.
Dec. 19 filed 4,000,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To purchase real property, for construction of buildings and other facilities and for general corporate purposes. **Underwriter**—Wilson & Bayley Investment Co.

● **Republic Benefit Insurance Co., Tucson, Ariz.**
Sept. 30 filed 150,000 units in a dividend trust and stock procurement agreement to be offered to certain members of the general public who are acceptable applicants and who are to become active policyholders in the company. Price—$2 per unit. **Proceeds**—For general corporate purposes. **Underwriter**—None; to be offered by Leo Rich, Robert Kissel and Sidney M. Gilberg, as Trustees. Statement withdrawn Feb. 29.

Reynolds Mining & Development Corp.
Nov. 22 filed 1,500,000 shares of common stock (par one cent). **Price**—50 cents per share. **Proceeds**—For working capital and mining expenses. **Office** — Moab, Utah. **Underwriter** — The Matthew Corp., Washington, D. C.

Rotary Electric Steel Co.
Feb. 16 filed 69,670 shares of common stock (par $10) being offered for subscription by stockholders of record March 21, 1956 on the basis of one new share for each 10 shares held; rights to expire on April 4. **Price**—$35 per share. **Proceeds**—For general corporate purposes. **Underwriter**—W. E. Hutton & Co., Cincinnati, O.

● **Rowland Products, Inc., Kensington, Conn.**
March 5 (letter of notification) 11,912 shares of common stock (par $12.50) being offered for subscription by stockholders of record March 1 on the basis of one new share of stock for each three shares held; rights to expire on April 12. **Price**—$25 per share. **Proceeds**—For construction and equipment of a new building and for working capital. **Office**—Fairview Place, Kensington, Conn. **Underwriter**—None.

● **Ryder System, Inc., Miami, Fla.**
Jan. 30 filed 151,050 shares of common stock (par $5). Price — To be supplied by amendment. **Proceeds**—To help finance purchase of five other truck lines. **Underwriter**—Blyth & Co., Inc., New York. **Offering**—Expected today (March 29)

● **St. Regis Paper Co.**
Feb. 21 filed 540,000 shares of common stock (par $5) being offered in exchange for outstanding common stock of Rhinelander Paper Co. on a share-for-share basis. The offer will be declared effective if 90% of Rhinelander common stock is deposited for exchange; and may be declared effective if a lesser amount, but not less than 80% of said shares, are so deposited. This offer will expire on April 16. **Dealer-Managers**—White, Weld & Co., New York, and A. G. Becker & Co., Inc.

● **San Juan Racing Association, Inc., Puerto Rico**
Sept. 27 filed 4,000,000 shares of common stock (par 50 cents), of which 3,800,000 will be represented by 3,000,000 voting trust certificates and 800,000 warrants. These offerings are to be made in two parts: (1) an offering, at 50 cents per share, of 200,000 shares for subscription by stockholders of record April 30, 1955, on a two-for-one basis; and (2) a public offering of 3,000,000 shares, to be represented by voting trust certificates, at 58.8235 cents per share. Proceeds—For racing plant construction. **Underwriter**—None. Hyman N. Glickstein, of New York City, is Vice-President. Statement effective March 8. **Offering**—Now being made.

Sayre & Fisher Brick Co.
Sept. 30 filed 325,000 shares of capital stock (par $1). Price—To be supplied by amendment. **Proceeds** — **For prepayment of outstanding 5½% sinking fund bonds due 1970**; balance for general corporate purposes, **including additions** and improvements and working capital. **Underwriter** — Barrett Herrick & Co., Inc., New York City.

★ **Schield Bantam Co., Waverly, Iowa (4/17)**
March 26 filed 219,000 shares of common stock (par $5), of which 200,000 shares are to be offered publicly and 19,000 shares to certain employees of company. **Price**—To public, to be supplied by amendment; and to employees, $5 per share. **Proceeds** — To six selling stockholders. **Business**—Produces power cranes and excavators, including various types of mountings. **Underwriter**—Granbery, Marache & Co., New York.

Schwartz Carbonic Co., El Paso, Texas
Feb. 27 (letter of notification) 30,700 shares of common stock to be offered for subscription by stockholders on basis of 0.6158 new share for each common share held. **Price**—$7.50 per share. **Proceeds**—For expenses incident to manufacturing and sales of carbon dioxide. **Office**—1600 East Eleventh St., El Paso, Tex. **Underwriter**—None.

Scott Paper Co., Chester, Pa.
March 2 filed $98,685,100 3% convertible debentures due March 1, 1971, being offered for subscription by common stockholders of record March 20 on the basis of $100 principal amount of debentures for each eight shares of stock held; rights to expire on April 3. **Price**—100% of principal amount. **Proceeds** — To repay bank loans; for expansion and increase of investments; and for general corporate purposes. **Underwriters**—Drexel & Co., Philadelphia, Pa.; and Smith, Barney & Co. and Merrill Lynch, Pierce, Fenner & Beane, both of New York.

★ **Seaboard & Western Airlines, Inc. (4/12)**
March 23 filed an estimated maximum of 180,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To complete purchase of aircraft and complement of spares and for working capital. **Underwriter**—Union Securities Corp., New York.

Shangrila Uranium Corp.
Dec. 30 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For mining expenses. **Underwriter**—Western States Investment Co., Tulsa, Okla.

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Shulton, Inc., Clifton, N. J. (4/4)
March 14 filed 110,000 shares of class A and 110,000 shares of class B common stock (par $1 each), of which 45,000 class A shares and 45,000 class B shares are to be sold for the account of the company and 55,000 shares of each class for account of selling stockholders; the remaining 10,000 shares of class A and class B stock are to be offered by the company to certain officers and employees. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including working capital. **Business** — Manufacture and distribution of toiletry items; also manufactures fine organic chemicals and pharmaceutical specialties. **Underwriters** — Kidder, Peabody & Co. and Lee Higginson Corp., both of New York.

Sierra Prefabricators, Inc. (Calif.) (4/9)
March 12 (letter of notification) 149,500 shares of capital stock (par $1). **Price**—$2 per share. **Proceeds**—For working capital and general corporate purposes. **Underwriter**—S. D. Fuller & Co., New York.

★ Sinclair Oil Corp.
March 26 filed $12,000,000 of participations in the Employees Savings Plan, and 150,000 shares of common stock (par $5) which may be issued pursuant to the plan.

Skiatron Electronics & Television Corp.
March 16 filed 470,000 shares of common stock (par 10 cents). **Price** — At the market. **Proceeds** — To selling stockholders. **Underwriter**—None.

Southern California Edison Co. (4/17)
March 19 filed $40,000,000 of first and refunding mortgage bonds, series G, due 1981. **Proceeds**—To retire bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; The First Boston Corp. and Dean Witter & Co. (jointly); Kuhn, Loeb & Co. **Bids**—Expected to be received on April 17.

Southwestern Oklahoma Oil Co., Inc.
Feb. 27 (letter of notification) 15,001 shares of common stock (par 10 cents) to be offered for subscription by stockholders. **Price**—$10 per share. **Proceeds**—For expenses incident to development of oil and gas properties. **Office**—801 Washington Bldg., Washington, D. C. **Underwriter**—None.

● Spokane Natural Gas Co. (4/5)
Feb. 2 filed $3,505,000 of subordinate interim notes due Jan. 31, 1962 and 70,100 shares of common stock (par $1) to be offered in units of $50 of notes and one share of stock which will not be separately transferable until June 30, 1956. **Price**—To be supplied by amendment. **Proceeds**—Together with funds from bank loan of $6,275,000, for construction program. **Underwriter**—White, Weld & Co., New York.

Spurr Mining Corp.
Nov. 9 (letter of notification) 300,000 shares of common stock. **Price**—$1 per share. **Proceeds**—For mining expenses. **Underwriter**—Cavalier Securities Co., Washington, D. C.

Strategic Metals, Inc., Tungstonia, Nevada
Jan. 4 (letter of notification) 1,200,000 shares of common stock. **Price**—25 cents per share. **Proceeds**—For expenses incident to mining operations. **Underwriter**—R. Reynolds & Co., Salt Lake City, Utah.

Stubnitz Greene Corp., Adrian, Mich.
March 29 filed $1,000,000 of 5½% sinking fund subordinated debentures due 1966 (with warrants to purchase 60,000 shares of common stock) and 100,000 shares of 60-cent cumulative preferred stock (par $5) to be offered for subscription by common stockholders of record March 26 in units of $250 of debentures (with warrants attached to purchase 15 shares of common stock at $8 per share) and 25 shares of preferred stock for each 100 shares of common stock presently held; rights to expire on or about April 13. **Price**—$418.75 per unit. **Proceeds**—For expansion and working capital. **Office**—404 Logan Street, Adrian, Mich. **Underwriter**—Golkin & Co., New York. **Offering**—Expected momentarily.

Suburban Land Developers, Inc., Spokane, Wash.
Feb. 2 (letter of notification) 920 shares of 6% cumulative non-voting preferred stock ($100 per share) and 2,160 shares of common stock (par $10). **Price**—Of preferred, $100 per share; and of common, $15 per share. **Proceeds**—For improvements and working capital. **Office**—909 West Sprague Ave., Spokane, Wash. **Underwriter**—W. T. Anderson & Co., Inc., Spokane, Wash.

Summit Springs Uranium Corp., Rapid City, S. D.
Oct. 3 (letter of notification) 1,200,000 shares of common stock (par 10 cents). **Price**—25 cents per share. **Proceeds**—For expenses incident to mining operations. **Office**—Harney Hotel, Rapid City, S. D. **Underwriter**—Morris Brickley, same address.

Superior Uranium Co., Denver, Colo.
Nov. 9 (letter of notification) 29,600,000 shares of common stock. **Price**—At par (one cent per share). **Proceeds**—For mining operations. **Office**—608 California Bldg., Denver, Colo. **Underwriter**—Securities, Inc., P. O. Box 127, Arvada, Colo.

★ Surplus Uranium Co., Inc., Graham, Texas
March 19 (letter of notification) 239,999 shares of common stock (par 30 cents). **Price**—$1.25 per share. **Proceeds**—For mining expenses. **Office**—Graham Land Office Bldg., Graham, Tex. **Underwriter**—None.

Target Uranium Corp., Spokane, Wash.
March 1 (letter of notification) 1,000,000 shares of common stock (par five cents). **Price**—20 cents per share. **Proceeds**—For mining expenses. **Office** — 422 Paulsen Bldg., Spokane, Wash. **Underwriters**—Percy Dale Lanphere and Kenneth Miller Howser, both of Spokane, Wash.

Taylor Petroleum Corp., Norman, Okla.
Feb. 1 filed 200,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For working capital, drilling and completion of additional wells, possible acquisition of interests in additional oil and gas leases and exploration for oil and gas. **Underwriter**—Hayden, Stone & Co., New York.

Tele-Broadcasters, Inc., New York
Jan. 11 (letter of notification) 200,000 shares of common stock (par five cents). **Price**—$1.50 per share. **Proceeds**—For conversion of station "WARE" to full-time broadcasting; to buy a fourth radio station; and for general corporate purposes. **Underwriter**—Joseph Mandell Co., 48 Hudson Ave., Waldwick, N. J.

★ Tennessee Gas Transmission Co.
March 26 filed $1,600,000 of Contributions to the Thrift Plan and the company's guarantee thereof.

Texas Eastern Transmission Corp.
Nov. 30 filed 200,000 shares of cumulative preferred stock (par $100). **Price**—To be supplied by amendment. **Proceeds**—Toward redemption of presently outstanding 190,000 shares of 5.50% first preferred stock. **Underwriter**—Dillon, Read & Co., Inc., New York. **Offering**—Temporarily postponed.

● Texize Chemicals, Inc., Greenville, S. C. (4/16)
March 19 filed $742,800 of 5% subordinated convertible debentures due April 1, 1971, to be offered for subscription by common stockholders of record about April 16 on the basis of $100 of debentures for each seven shares of common stock held; rights to expire about April 30. **Price**—$98.50 per $100 debenture, plus accrued interest, to stockholders; and at par to public. **Proceeds** — For capital expenditures and working capital. **Underwriters**—Edgar M. Norris and Alester G. Furman Co., both of Greenville, S. C., and seven other firms.

Tex-Star Oil & Gas Corp., Dallas, Texas
Jan. 20 (letter of notification) 99,990 shares of common stock (par $1). **Price** — $3 per share. **Proceeds**—For working capital and general corporate purposes. **Office**—Meadows Building, Dallas, Texas. **Underwriter** — Thomas F. Neblett, Los Angeles, Calif.

● Tide Water Associated Oil Co.
Feb. 29 filed $50,000,000 of 3½% sinking fund debentures due 1986. **Price** — To be supplied by amendment. **Proceeds** — To finance various projects, including construction of the company's Delaware Flying A refinery; for acquisition and development of crude oil production, for expansion and improvement of refining and transportation facilities; and for repayment, in whole or in part, of short term borrowings. **Underwriters**—Eastman, Dillon & Co.; Kuhn, Loeb & Co.; and Lehman Brothers. **Offering**—Expected today (March 29).

Tomrock Copper Mines Ltd., Toronto, Canada
Feb. 9 filed 200,000 shares of common stock (par $1) to be offered publicly to residents of the United States. **Price** — 50 cents per share. **Proceeds** — For exploration and development costs. **Underwriter**—Harold W. Lara, 241 Sanford St., Rochester, N. Y.

TranSouth Life Insurance Co., Columbia, S. C.
Feb. 21 filed 941,250 shares of class A non-voting common stock (par $1) and 10,270 shares of class B voting common stock (par $1) of which 100,000 class A and all of the class B shares are to be reserved on exercise of options to be granted to employees and directors of the company. Class A shares are to be offered in units of four shares each, and at $8 per unit, under a condition that each purchaser donate one share out of every four shares purchased to TranSouth Educational Foundation, Inc. **Proceeds**—To finance its business as a life insurance company. **Underwriter**—None. J. R. Hoile is President-Treasurer; and G. F. Kennedy is Secretary.

Tunacraft, Inc., Kansas City, Mo.
Jan. 17 (letter of notification) $250,000 of 6% 12-year registered subordinated sinking fund debenture notes due Jan. 1, 1968. **Price**—At par. **Proceeds**—To reduce outstanding secured obligations. **Underwriter**—McDonald, Evans & Co., Kansas City, Mo.

★ Twin Lakes Corp., Las Vegas, Nev.
March 13 (letter of notification) 22,000 shares of preferred stock (par $10) and 2,200 shares of common stock (par $1) to be offered in units of 10 shares of preferred stock and one share of common stock (par $10). **Price**—$110 per unit. **Proceeds**—For improvements to buildings, and remodeling and construction of motel. **Office**—U. S. Highway 95 and Washington Avenue, Los Vegas, Nev. **Underwriter**—None.

Underwriters Factors Corp.
Dec. 7 (letter of notification) 29,500 shares of 6⅔% participating convertible preferred stock (par $10) and 2,950 shares of common stock (par one cent) to be offered in units of 10 shares of preferred stock and one share of common stock. **Price** — $100.01 per unit. **Proceeds** — To increase working capital. **Office** — 51 Vesey St., New York, N. Y. **Underwriter**—New York and American Securities Co., 90 Wall St., New York, N. Y.

★ Union Carbide & Carbon Corp.
March 23 filed $25,000,000 of interests of participations in "The Savings Plan for Employees of corporation and its United States subsidiaries," together with 50,000 shares of common stock which may be issued under the said plan.

Union of Texas Oil Co., Houston, Texas
Jan. 19 (letter of notification) 240,000 shares of common stock (par 10 cents). **Price**—$1.25 per share. **Proceeds**—For expenses incident to oil production. **Office** — San Jacinto Building, Houston, Tex. **Underwriter**—Mickle & Co., Houston, Texas.

U. S. Automatic Machinery & Chemical Corp.
Nov. 4 (letter of notification) 300,000 shares of class A common stock (par 10 cents). **Price**—$1 per share. **Proceeds** — For general corporate purposes. **Office**—8620 Montgomery Ave., Philadelphia, Pa. **Underwriter**—Columbia Securities Corp., 135 Broadway, New York.

United States Envelope Co. (4/5)
March 16 filed 123,046 shares of common stock (par $10) to be offered for subscription by common stockholders of record April 4, 1956, at the rate of one new share for each four shares held; rights to expire on April 17. **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans; for purchase of new equipment and working capital. **Dealer-Manager** — Hayden, Stone & Co., New York.

U. S. Guaranty Life Insurance Co., Augusta, Ga.
March 14 (letter of notification) 26,086 shares of common stock (par $5). **Price**—$11.50 per share. **Proceeds**—For capital funds necessary to comply with the regulations of the Georgia Insurance Commissioner. **Office**—Augusta, Ga. **Underwriter**—Johnson, Lane, Space & Co., Inc., Augusta, Ga.

Urania, Inc., Las Vegas, Nev.
Jan. 20 (letter of notification) 50,000 shares of capital stock. **Price**—At par ($1 per share). **Proceeds**—For expenses incident to mining operations. **Office**—1802 South Main St., Las Vegas, Nev. **Underwriter**—Fenner-Streitman & Co., New York City.

Uranium Exploration Co., Salt Lake City, Utah
Feb. 13 (letter of notification) 77,875 shares of common stock (par 25 cents). **Price**—$1 per share. **Proceeds**—For mining expenses. **Office**—538 East 21st South St., Salt Lake City, Utah. **Underwriter** — Pioneer Investments, Salt Lake City, Utah.

★ Utah Gas Service Co., Salt Lake City, Utah
March 12 (letter of notification) $300,000 of 5½% debentures in denominations of $1,000 each). **Price**—At 100% plus accrued interest. **Proceeds** — Together with other funds, to finance the construction of natural gas systems and transmission lines. **Office**—1007 Walker Bank Bldg., Salt Lake City, Utah. **Underwriter**—The First Trust Co. of Lincoln, Lincoln, Neb.

Utco Uranium Corp., Denver, Colo.
Jan. 30 (letter of notification) 200,000 shares of common stock, which are covered by an option held by the underwriter. **Price**—10 cents per share. **Proceeds**—For mining expenses. **Office**—310 First National Bank Bldg., Denver, Colo. **Underwriter** — Amos C. Sudler & Co., same city.

Vance Industries, Inc., Evanston, Ill.
Jan. 24 (letter of notification) 7,000 shares of common stock (par one cent). **Price**—$7 per share. **Proceeds**—To selling stockholders. **Office** — 2108 Jackson Ave., Evanston, Ill. **Underwriter**—Arthur M. Krensky & Co., Inc., Chicago, Ill.

● Van Norman Industries, Inc. (4/10)
March 16 filed $2,000,000 of convertible subordinated debentures due 1976. **Price**—To be supplied by amendment. **Proceeds**—Together with $3,000,000 to be received from private sale of a 4¼% 15-year sinking fund note, to be used to pay off present outstanding $1,470,000 note and $2,350,000 of bank loans; and for working capital and other corporate purposes. **Underwriter**—Kidder, Peabody & Co., New York.

★ Van Norman Industries, Inc., Springfield, Mass.
March 16 (letter of notification) an undetermined number of shares of common stock to be offered to eligible employees pursuant to employee stock purchase plan (par $2.50). **Price**—At market. **Proceeds**—For additional working capital. **Office** — 3640 Main St., Springfield, Mass. **Underwriter**—None.

Wagon Box Uranium Corp., Provo, Utah
Nov. 21 filed 2,000,000 shares of common stock (par five cents). **Price**—25 cents per share. **Proceeds**—To explore and acquire claims, for purchase of equipment and for working capital and other corporate purposes. **Underwriter**—H. P. Investment Co., Provo, Utah and Honolulu, Hawaii.

Ward Industries Corp.
March 9 (letter of notification) 12,000 shares of $1.25 cumulative preferred stock, series A (par $25) and 1,500 shares of common stock (par $1) being offered in exchange for 5% cumulative preferred stock (par $100) of The Prosperity Co. on the basis of four Ward preferred shares, one-half share of Ward common stock and $1.05 in cash for each Prosperity preferred share. This offer, which is limited to acceptance by 3,000 Prosperity preferred shares, is alternative to the right to receive instead $100 per Prosperity preferred share.

West Jersey Title & Guaranty Co.
Jan. 23 (letter of notification) 10,000 shares of common stock (par $10) of which 8,000 shares are first to be offered for a period of 30 days in exchange for outstanding preferred stock on a 2-for-1 basis; any shares remaining will be offered to common stockholders. **Price**—$25 per share. **Office**—Third and Market Sts., Camden, N. J. **Underwriter**—None.

● Westcoast Transmission Co., Ltd. (4/9-13)
Jan. 26 filed $20,500,000 (U.S.) 32-year subordinate debentures, due Feb. 1, 1988, and 615,000 shares of capital stock (no par) to be offered in units of $100 of debentures and three shares of stock. **Price**—To be supplied by amendment. **Proceeds**—Together with funds to be received from insurance companies and banks and from sale of an additional 3,271,000 shares of stock to Westcoast Investment Co., to be used to construct a pipe-line system. **Office**—Calgary, Alta., Canada. **Underwriter**—Eastman, Dillon & Co., New York.

Western Securities Corp. of New Mexico
Feb. 13 (letter of notification) 50,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To start a dealer or brokerage business. **Office**—921 Sims Bldg., Albuquerque, N. M. **Underwriter**—None.

★ **Western Utilities Corp., San Francisco, Calif.**
March 23 (letter of notification) 15,171 shares of common stock (par $1). **Price**—$5.50 per share. **Proceeds**—To West Coast Telephone Co., the selling stockholder. **Underwriter**—Central Republic Co., Inc., Chicago, Ill.

White Sage Uranium Corp.
Feb. 13 (letter of notification) 15,000,000 shares of capital stock. **Price**—At par (one cent per share). **Proceeds**—For mining expenses. **Office**—547 East 21st South St., Salt Lake City, Utah. **Underwriter**—Empire Securities Corp., Salt Lake City, Utah.

Willcox & Gibbs Sewing Machine Co.
Feb. 16 (letter of notification) 22,000 shares of common stock (par $5) being offered for subscription by common stockholders of record Feb. 27, 1956 on the basis of one new share for each 10 shares held; rights to expire on March 23. **Price**—$7.15 per share. **Proceeds**—For general corporate purposes. **Office** — 214 West 39th St., New York. **Underwriter**—None.

Williamson Co., Cincinnati, Ohio
Feb. 20 (letter of notification) 20,666 shares of class B common stock (par $1) to be offered for subscription by class B common stockholders on a 1-for-7 basis. **Price**—$6.84 per share. **Proceeds**—For working capital. **Office**—3500 Maison Road, Cincinnati, Ohio. **Underwriter**—None.

★ **Wilson (Russell) Industries, Inc.**
March 13 (letter of notification) 3,000,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—To repay bank loans, for drilling well and working capital. **Office**—Winnsboro, Texas. **Underwriters**—J. Holland Securities Co., Inc., New York, N. Y., and Daggett Securities, Inc., Newark, N. J.

★ **Wimquip, Inc., Atlanta, Georgia**
March 22 (letter of notification) 10,000 shares of 6% cumulative preferred stock. **Price** — At par ($10 per share). **Proceeds**—To liquidate a bank loan and increase inventory. **Office**—1040 Huff Road, N. W., Atlanta, Ga. **Underwriter**—None.

Woodstock Uranium Corp., Carson City, Nev.
Nov. 21 (letter of notification) 3,000,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For mining expenses. **Office**—Virginia Truckee Bldg., Carson City, Nev. **Underwriter**—Cayias, Larson, Glaser, Emery, Inc., Salt Lake City, Utah.

Wy-Cal Uranium Enterprises, Inc., Lander, Wyo.
Dec. 6 (letter of notification) 273,000 shares of capital stock (par 50 cents). **Price**—$1 per share. **Proceeds**—For mining operations. **Office**—268 Main St., Lander, Wyo. **Underwriter**—Valley State Brokerage, Inc., 2520 South State St., Salt Lake City, Utah.

Wycotah Oil & Uranium, Inc., Denver, Colo.
Nov. 10 filed 1,500,125 shares of common stock (par one cent) to be offered only to the owners of percentages of working interests in certain oil and gas leases and to the owners of certain uranium properties, and in exchange for such working interests and properties. **Price**—Shares to be valued at an arbitrary price of $4 per share. **Proceeds**—To acquire properties. **Underwriter**—None.

Prospective Offerings

Air-Vue Products Corp., Miami, Fla.
Feb. 20 it was reported early registration is expected of 150,000 shares of common stock. **Price**—Around $4.25 per share. **Proceeds** — For expansion program. **Underwriter**—Arthur M. Krensky & Co., Inc., Chicago, Ill.

American Shopping Centers, Inc.
Jan. 23 it was announced company will soon offer publicly some new securities in the approximate amount of $6,000,000. **Proceeds**—To acquire shopping centers. **Office**—Minneapolis, Minn. **Underwriter**—Carl M. Loeb, Rhoades & Co., New York.

American Telephone & Telegraph Co.
March 21 the directors authorized a new issue of debentures (non-convertible) amounting to $250,000,000. **Proceeds**—For additions and improvements to Bell System telephone service. **Underwriter** — To be determined by competitive bidding. Probable bidders: The First Boston Corp. and Halsey, Stuart & Co. Inc. (jointly); Morgan Stanley & Co. **Bids**—Expected to be received sometime after the middle of June.

Anderson-Prichard Oil Corp. (4/24)
Feb. 17 it was announced stockholders will vote April 19 on approving the creation of a new authorized issue of $20,000,000 preferred stock, of which the company intends to initially issue $10,000,000, which would be convertible into common stock. It is also planned to increase the authorized common stock from 1,000,000 shares to 3,000,000 shares and effect a two-for-one stock split. **Underwriter**—Glore, Forgan & Co., New York.

Baltimore & Ohio RR.
Feb. 16 company sought ICC authority to issue up to $54,710,000 of convertible 4½% debentures, series A, due Feb. 1, 2010, which it proposes to offer in exchange to holders of its outstanding convertible 4½% income bonds on a par-for-par basis.

Bank of America, N. T. & S. A.
March 7 this Bank offered 1,600,000 additional shares of capital stock to stockholders of record March 6 in the ratio of one new share for each 15 shares held; rights to expire on April 2. **Price**—$35 per share. **Proceeds**—For expansion, etc. **Underwriters**—Blyth & Co., Inc. and Dillon, Read & Co. Inc.

Blackstone Valley Gas & Electric Co.
Feb. 27 it was reported company plans to issue some preferred stock during 1956. **Proceeds**—To reduce bank loans. **Underwriter**—To be determined by competitive bidding. Probable bidders: W. C. Langley & Co.; Estabrook & Co. and Stone & Webster Securities Corp. (jointly); Salomon Bros. & Hutzler; Kidder, Peabody & Co.; Harriman Ripley & Co. Inc.

Bon Ami Co., New York
March 9 it was announced company plans to offer to common A and common B stockholders the right to subscribe for 10,000 shares of common A stock (now held in treasury) on basis of one share of common A stock for each 29 shares of common A and/or common B stock held. The stockholders on March 21 will vote on approving this proposal and also on changing the par value of the shares from no par for both issues to $2 per share for the common A stock and $1 for the common B stock. **Underwriter**—Dominick & Dominick and Smith, Barney & Co. (formerly Charles D. Barney & Co.) handled secondary offering of common B stock in 1926.

Boston Edison Co.
March 19 it was reported company plans to offer $18,000,000 of preferred stock. **Proceeds**—For construction program. **Underwriter**—If by competitive bidding, bidders may include Lehman Brothers; The First Boston Corp.

California Electric Power Co.
March 19 it was reported company plans to issue and sell some additional securities in June or July. **Proceeds**—To retire bank loans and for new construction. Probable bidders for bonds may include: Halsey, Stuart & Co. Inc.; Shields & Co.; Merrill Lynch, Pierce, Fenner & Beane and Kidder, Peabody & Co. (jointly); Blyth & Co. Inc.; The First Boston Corp. and Salomon Bros. & Hutzler (jointly); Lehman Brothers; White, Weld & Co. Previous common stock financing was underwritten by Blyth & Co., Inc. and The First Boston Corp.

California Oregon Power Co.
Feb. 13 it was reported company plans to issue and sell in April or May $16,000,000 of first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc. and The First Boston Corp. (jointly); Lehman Brothers; White, Weld & Co.; Merrill Lynch, Pierce, Fenner & Beane and Kidder, Peabody & Co. (jointly).

★ **Carolina Power & Light Co. (9/11)**
March 22 it was announced company plans to issue and sell $15,000,000 of first mortgage bonds due 1986. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co Inc.; Kuhn, Loeb & Co. and A. C. Allyn & Co. Inc. (jointly); W. C. Langley & Co. and The First Boston Corp. (jointly); Equitable Securities Corp.; Smith, Barney & Co. and Blyth & Co., Inc. (jointly); Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly). **Bids**—Scheduled for Sept. 11.

Coastal Transmission Corp., Houston, Texas
Feb. 29 it was announced an application has been filed with the FPC for construction of a 565.7 mile pipeline system to cost $68,251,000. **Underwriters**—May be Lehman Brothers and Allen & Co., both of New York.

Columbia Gas System, Inc. (10/2)
Feb. 15 it was announced company may issue and sell $30,000,000 of debentures. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. **Bids**—Expected to be received on Oct. 2.

Commercial Credit Corp.
March 12 it was reported company plans early registration of about $25,000,000 of junior subordinated debentures. **Underwriter** — Kidder, Peabody & Co. and The First Boston Corp., both of New York.

Commonwealth Edison Co. (6/5)
Jan. 24 it was announced that company may issue between $35,000,000 to $50,000,000 of bonds. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Glore, Forgan & Co. and Blyth & Co., Inc (jointly); The First Boston Corp.

Connecticut Power Co.
March 1 it was reported company plans to issue and sell $5,200,000 of new preferred stock and offer to common stockholders 71,132 additional shares of common stock on a 1-for-10 basis. **Proceeds** — To reduce bank loans. **Underwriters**—Putnam & Co.; Chas. W. Scranton & Co. **Offering**—Expected in June.

Consolidated Natural Gas Co. (7/25)
March 15 it was announced company plans to issue and sell $30,000,000 of debentures due 1981. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. and The First Boston Corp (jointly); White, Weld & Co. and Paine, Webber, Jackson & Curtis (jointly). **Bids**—Expected to be received on July 25.

Consolidated Water Co.
Jan. 16, Frank A. O'Neill, President, announced that the company sometime between now and the summer of 1956, will probably do some additional financing. **Proceeds**—For expansion. **Underwriters**—The Milwaukee Co.; Harley Haydon & Co., Inc.; and Indianapolis Bond & Share Corp. underwrote class A common stock offering made last August.

★ **Crane Co., Chicago, Ill.**
F. F. Elliott, President, on March 18 stated in part: "To meet the cost of present proposed capital expenditures, it appears that some additional financing may be necessary." **Underwriters**—Morgan Stanley & Co. and Clark, Dodge & Co.

Cribben & Sexton Co.
Feb. 27 it was reported stockholders will vote March 6 on approving a proposal to increase the authorized common stock from 250,000 shares to 750,000 shares, the additional shares probably to be issued in connection with future financing. **Underwriter**—May be Hornblower & Weeks, New York.

Delaware Power & Light Co.
Sept. 28 it was announced that the company expects to undertake some common stock financing, probably first to common stockholders. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: W. C. Langley & Co. and Union Securities Corp. (jointly); Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Carl M. Loeb, Rhoades & Co.; Blyth & Co. Inc. and The First Boston Corp. (jointly); White, Weld & Co. and Shields & Co. (jointly); Lehman Brothers. **Offering**—Expected in June or July.

★ **Detroit Edison Co.**
Feb. 20, Walker L. Cisler, President stated that "tentative plans are that about $60,000,000 will be obtained from investors in 1956. Internal funds and bank borrowings will probably provide for the remainder of the $95,000,000 necessary this year to carry forward the company's program of expansion of facilities." Financing may be in form of 15-year debentures to common stockholders. **Underwriters**—None. **Offering**—Tentatively expected in June.

Dolly Madison International Foods Ltd.
Nov. 15 it was announced that Foremost Dairies, Inc. intends at a future date to give its stockholders the right to purchase its Dolly Madison stock. **Underwriter**—Allen & Co., New York.

Du Mont Broadcasting Corp.
Aug. 10 it was announced that corporation, following issuance on Dec. 2 to stockholders of Allen B. Du Mont Laboratories, Inc. of 944,422 shares of common stock as a dividend, contemplates that additional shares will be offered to its stockholders. This offering will be underwritten. Kuhn, Loeb & Co. and Van Alstyne, Noel & Co. handled Du Mont Laboratories class A stock financing some years ago. Stockholders of Laboratories on Oct. 10 approved formation of Broadcasting firm.

Duke Power Co. (5/7)
Feb. 15 it was announced company plans to issue and sell a total of $30,000,000 of first and refunding mortgage bonds due 1986. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Morgan Stanley & Co.; Stone & Webster Securities Corp. **Bids**—Tentatively expected to be received on May 7.

Duke Power Co. (5/11)
Feb. 15 it was announced company proposes to offer to its common stockholders this Spring (probably to holders of record May 10, 1956) additional common stock on a 1-for-25 basis; rights to expire on May 25. This would involve 367,478 shares. **Proceeds** — About $9,000,000, to be used for construction program. **Underwriter**—None.

Edo Corp., College Point. L. I., N. Y.
Feb. 27 it was reported company plans to raise between $1,000,000 and $2,000,000 through the sale of some additional common stock through a group of underwriters. **Business**—Aircraft floats and components.

El Paso Electric Co. (5/1)
Feb. 16 it was reported company plans to issue and sell 20,000 shares of cumulative preferred stock (no par). **Underwriter**—To be determined by competitive bidding. Probable bidders: Merrill Lynch, Pierce, Fenner & Beane; Salomon Bros. & Hutzler; Stone & Webster Securities Corp.; Blair & Co. Incorporated; Equitable Securities Corp.; Union Securities Corp.; Kidder, Peabody & Co., White, Weld & Co., and Shields & Co. (jointly). **Bids**—Expected to be received up to 11 a.m. (EST) on May 1. **Registration**—Tentatively expected April 10.

★ **First Pennsylvania Banking & Trust Co.**
March 27 it was announced Bank plans to offer to its stockholders 202,800 additional shares of capital stock (par $10) on the basis of one new share for each 10 shares held. **Price**—To be established later. **Proceeds**—To increase capital and surplus. **Underwriters**—Drexel & Co., Philadelphia, Pa., and Merrill Lynch, Pierce, Fenner & Beane and Smith, Barney & Co., both of New York City. **Meeting**—Stockholders will vote May 28 on increasing authorized capital stock from 2,028,000 shares to 2,230,800 shares.

Flo-Mix Fertilizers Corp., Houma, La.
Dec. 12 it was reported early registration is expected of 159,000 shares of common stock. **Price** — Probably $5 per share. **Underwriters**—Fairman, Harris & Co., Inc., and Straus, Blosser & McDowell, both of Chicago, Ill.

Florida Power Corp. (7/11)
Feb. 20 it was announced company plans to issue and sell $20,000,000 of first mortgage bonds. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Lehman Brothers and Blyth & Co., Inc. (jointly); Glore, Forgan & Co.; The First Boston Corp. **Bids**—Expected July 11. **Registration**—Planned for June 14.

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General American Transportation Corp. (4/26)
March 5 the directors voted to issue up to $25,000,000 of convertible subordinated debentures, which are to be offered for subscription by common stockholders on the basis of $100 of debentures for each 10 shares of common stock held as of April 25; rights to expire on May 9. **Price**—To be announced later. **Proceeds**—For general corporate purposes. **Underwriter** — Kuhn, Loeb & Co., New York. **Meeting**—Stockholders to vote April 24 on approving proposed debenture issue. **Registration**—Scheduled for April 6.

General Telephone Corp. (4/20)
March 9 it was announced company plans to offer up to $55,000,000 of convertible debentures due 1971 to common stockholders of record April 18, 1956 on the basis of $100 of debentures for each 23 common shares held. **Proceeds** — To purchase securities of subsidiary companies and for general corporate purposes. **Underwriter**—Paine, Webber, Jackson & Curtis, Boston and New York. **Registration**—Scheduled for March 30. **Meeting**—Stockholders to vote April 18 on approving proposed financing.

General Tire & Rubber Co.
Feb. 24 stockholders approved a proposal to increase authorized common stock to 2,500,000 from 1,750,000 shares and the authorized preference stock to 1,000,000 from 350,000 shares; also a proposal that any issue of debentures may include a privilege to convert into common stock and permit the company to issue warrants to purchase common stock, provided the total that may be outstanding at any one time does not exceed 600,000 shares. [The company expects to issue 23,000 additional preference shares—5,000 for acquiring stock and property and 18,000 for cash. Having completed long-term borrowing negotiations of $30,000,000 from insurance companies, the company expects to sell not more than $15,000,000 in debentures.] **Underwriter**—Kidder, Peabody & Co., New York.

★ Great Northern Ry. (4/4)
Bids are expected to be received by the company at Two Wall St., New York, N. Y., up to noon (EST) on April 4 for the purchase from it of $6,600,000 equipment trust certificates to be dated April 1, 1956 and to mature in 30 equal semi-annual installments. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; and Kidder, Peabody & Co.

Harvard Brewing Co., Lowell, Mass. (4/4)
Bids are to be received up to 3 p.m. (EST) on April 4, by the Office of Alien Property, Department of Justice, Room 664, 101 Indiana Ave., N. W., Washington 25, D. C., for the purchase from the Department as an entirety, 345,760 shares of common stock (par $1) of this company which represents 55.3% of the number of shares issued and outstanding.

Hawaiian Electric Co., Ltd.
March 5 it was announced stockholders were to vote March 20 on issuance of 70,000 shs. of com. stk. as a 10% stock dividend; and on sale of 100,000 additional common shares and $5,000,000 of preferred stock. **Proceeds**—For construction program. **Underwriter**—For common stock, none; and for preferred stock, Dillon, Read & Co., New York.

Houston Texas Gas & Oil Corp., Houston, Texas
Feb. 29 it was announced an application has been filed with the FPC for permission to construct a 961 mile pipeline system to cost $105,836,000. **Underwriters**—May be Blyth & Co., Inc., San Francisco, Calif.; and Scharff & Jones, Inc., New Orleans, La.

Illinois Power Co.
March 1 it was reported company may issue about $25,000,000 of debt securities. **Proceeds**—To repay bank loans and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; White, Weld & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Harriman, Ripley & Co. Inc. and Glore, Forgan & Co. (jointly); Union Securities Corp.

★ Indianapolis Power & Light Co.
March 21 it was announced company has applied to the Indiana P. S. Commission for authority to issue and sell $10,000,000 of first mortgage bonds. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Union Securities Corp.; Blyth & Co., Inc.; Lehman Brothers, Goldman, Sachs & Co. and The First Boston Corp. (jointly); W. C. Langley & Co., White, Weld & Co. and Shields & Co. (jointly); Kuhn, Loeb & Co.; Equitable Securities Corp.; Hemphill, Noyes & Co. and Drexel & Co. (jointly).

Inter-County Telephone & Telegraph Co. of Ft. Myers, Fla.
Jan. 16 it was reported company is considering to offer publicly an issue of common stock. **Underwriter**—Central Republic Co., Inc., Chicago, Ill.

Jamaica Water Supply Co.
March 5 it was announced company plans to raise about $5,000,000 through the sale of approximately $3,000,000 of mortgage bonds and about $1,000,000 each of preferred and common stocks. **Proceeds** — To repay $3,850,000 short-term loans outstanding at Dec. 31, 1955, and for expansion program. **Underwriter** — Blyth & Co., Inc., New York. **Offering**—Expected in April.

Jersey Central Power & Light Co.
Feb. 6 it was reported company may in May or June 1956, issue and sell $9,000,000 first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; White, Weld & Co.; Kidder, Peabody & Co.; Union Securities Corp., Salomon Bros. & Hutzler and Merrill Lynch, Pierce, Fenner & Beane (jointly); Blair & Co. Incorporated.

Johns-Manville Corp.
March 9, Leslie M. Cassidy, Chairman, said the corporation is studying possibilities for expansion that could require financing, adding that the management had no definite plan for the issuance of additional stock other than those required for the two-for-one split but "the situation could change."

★ Kansas Power & Light Co.
March 21 it was reported company may soon offer additional common stock to common stockholders on a 1-for-10 basis. **Underwriter**—The First Boston Corp., New York.

★ Kay Lab., Inc., San Diego, Calif.
March 26 it was reported company plans to sell between $900,000 and $1,000,000 common stock early in May. **Underwriter**—Shearson, Hammill & Co., New York and Los Angeles. **Registration**—Expected in April.

Kern Mutual Telephone Co., Taft, Calif.
March 12 it was reported company plans to issue and sell 12,000 shares of preferred stock (par $25). **Proceeds**—To redeem outstanding 6% preferred stock, to repay bank loans and for improvements, etc. **Underwriter**—Central Republic Co., Inc., Chicago, Ill.

Kimberly-Clark Corp., Neenah, Wis.
Nov. 22 it was announced that the company plans further financing, the nature and extent of which has not yet been determined, except it is not the present intention to sell additional common stock. **Proceeds**—To be used to pay for further expansion, estimated to cost an additional $37,000,000. **Underwriter**—Blyth & Co., Inc., New York.

★ Lewisohn Copper Co.
March 26 it was reported company may be planning to issue and sell 200,000 additional shares of common stock. **Underwriter**—May be George F. Breen of New York City. **Registration**—About April 10.

Lone Star Steel Co.
Jan. 24, E. B. Germany, President, announced that the company plans the private and public sale of new securities during the first half of the current year. **Proceeds**—To retire indebtedness of company held by the RFC and the Treasury Department. **Underwriters**—Probably Dallas Rupe & Son; Estabrook & Co.; and Straus & Blosser.

Long Island Lighting Co. (4/26)
Feb. 29 company announced that it plans to issue and sell $12,000,000 of preferred stock following approval by the New York P. S. Commission and clearance by the Securities and Exchange Commission. **Underwriters**—Blyth & Co., Inc.; The First Boston Corp.; and W. C. Langley & Co.

Maine Bonding & Casualty Co.
Feb. 4 it was announced that the company plans to offer to its common stockholders on a 3-for-7 basis an additional 30,000 shares of common stock (par $10). **Underwriter**—To be selected. **Meeting**—Stockholders on Feb. 17 approved an increase in the authorized common stock from 50,000 shares to 100,000 shares. Of the increased stock, 20,000 shares are to be issued as a 40% stock dividend on March 1 to stockholders of record Feb. 17.

Metropolitan Edison Co.
Feb. 6 it was reported that company is considering the sale of additional first mortgage bonds later this year. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Blyth & Co., Inc.; Kidder, Peabody & Co. and Drexel & Co. (jointly); The First Boston Corp.

★ National Steel Corp.
March 12 the company announced that it is estimated that total construction expenditures planned to start in the current year and to be completed in mid-1959 will amount to a minimum of $200,000,000. **Underwriters**—Kuhn, Loeb & Co.; Harriman Ripley & Co. Inc.; and The First Boston Corp.

Natural Gas Pipe Line Co. of America
Feb. 20 it was reported company plans to issue and sell late this Spring $35,000,000 of first mortgage bonds due 1976. **Underwriter**—If determined by competitive bidding, the following may bid: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Lehman Brothers and Union Securities Corp. (jointly).

New England Electric System
Jan. 3 it was announced company plans to merge its subsidiaries, Essex County Electric Co., Lowell Electric Light Corp., Lawrence Electric Co., Haverhill Electric Co. and Amesbury Electric Light Co., into one company during 1956. This would be followed by a $20,000,000 first mortgage bond issue by the resultant company, the name of which has not as yet been determined. **Underwriter** — May be determined by competitive bidding Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co., Salomon Bros. & Hutzler, Union Securities Corp. and Wood, Struthers & Co. (jointly); Lehman Brothers; The First Boston Corp.; Equitable Securities Corp.; Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co. and White, Weld & Co. (jointly).

New England Power Co.
Jan. 3 it was announced company plans to issue and sell $10,000,000 of first mortgage bonds during October of 1956. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co., Salomon Bros. & Hutzler, Union Securities Corp. and Wood, Struthers & Co. (jointly); Lehman Brothers; The First Boston Corp.; Equitable Securities Corp.; Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co. and White, Weld & Co. (jointly).

New England Trust Co., Boston, Mass. (3/30)
March 9 C. Rodgers Burgin, President, announced that following two-for-one split-up and payment of a 100% stock dividend, the company proposes to offer to its stockholders of record March 30 the right to subscribe for 40,000 additional shares of capital stock (par $10) on a 1-for-5 basis; rights to expire on April 17. **Price**—To be determined at special meeting to be held on March 29. **Proceeds** — For working capital. **Underwriters** — F. S. Moseley & Co. and Kidder, Peabody & Co.

● Niagara Mohawk Power Co. (5/8)
March 19 it was reported company plans to issue and sell 200,000 shares of preferred stock (par $100). **Underwriter** — To be determined by competitive bidding. Probable bidders: Morgan Stanley & Co.; The First Boston Corp. Last preferred stock issue was underwritten by Harriman Ripley & Co. Inc. **Bids**—Expected on May 8.

Niagara Mohawk Power Corp. (5/9)
March 14 it was reported company is considering issuance and sale of $30,000,000 general mortgage bonds. **Proceeds** — For construction program which may cost approximately $62,000,000 this year. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co. and Union Securities Corp. (jointly); Morgan Stanley & Co.; The First Boston Corp. **Bids**—Expected about May 9.

● Northern Illinois Gas Co. (5/16)
March 21 it was announced company plans to issue and sell $15,000,000 of first mortgage bonds due 1981. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Glore, Forgan & Co.; The First Boston Corp.; Blyth & Co., Inc. **Bids**—Expected about May 16. **Registration**—Planned for mid-April.

Northern Indiana Public Service Co.
March 13 it was reported company plans to spend about $52,000,000 for new construction in 1956 and 1957 ($29,000,000 in 1956 and $23,000,000 in 1957). Of the total about $30,000,000 will be obtained from new financing, the type of which has not yet been determined. **Underwriter**—For any preferred stock, Central Republic Co. Inc., Blyth & Co., Inc., and Merrill Lynch, Pierce, Fenner & Beane (jointly). Bonds may be placed privately.

Northern Natural Gas Co.
March 12 it was reported company plans to finance its 1956 construction program (costing about $40,000,000) through issuance of debt securities and treasury funds. **Underwriter**—Probably Blyth & Co., Inc.

Northern States Power Co. (Minn.)
Jan. 19 it was announced company plans to issue and sell later this year $20,000,000 of first mortgage bonds due 1986. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey Stuart & Co. Inc.; Blyth & Co., Inc. and The First Boston Corp. (jointly); Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co. and White, Weld & Co. (jointly); Equitable Securities Corp. and Union Securities Corp. (jointly); Smith, Barney & Co.; Lehman Brothers and Riter & Co. (jointly); and Glore, Forgan & Co.

Offshore Gathering Corp., Houston, Texas
Nov. 18 David C. Bintliff, President, announced company has filed an application with the Federal Power Commission for a certificate of necessity to build a 364-mile submarine gas pipeline off-shore the coast of Louisiana from the Sabine River to the Gulf Coast of the State of Mississippi. It is estimated that this gathering system will cost approximately $150,000,000. Type of financing has not yet been determined, but tentative plans call for private sale of first mortgage bonds and public offer of about $40,000,000 of securities (probably notes, convertible into preferred stock at maturity, and common stock). **Underwriter**—Salomon Bros. & Hutzler, New York.

Pacific Northwest Pipeline Corp.
March 20 C. R. Williams, President, announced that about 280,000 shares of common stock (par $1) are to be sold in connection with subscription contracts which were entered into at the time of the original financing in April of 1955. **Price**—$10 per share. **Proceeds**—Together with funds from private sale of $35,000,000 additional first mortgage bonds, and $10,000,000 of 5.6% interim notes and borrowings from banks, will be used to construction program. **Underwriters**—White, Weld & Co.; Kidder, Peabody & Co.; The Dominion Securities Corp.; and Union Securities Corp. **Registration** — Expected soon.

Pennsylvania Electric Co. (5/15)
March 15 it was reported company plans to issue and sell about $25,000,000 of first mortgage bonds. **Proceeds** — To repay bank loans and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Kuhn, Loeb & Co.; Kidder, Peabody & Co.; Equitable Securities Corp.; Harriman Ripley & Co. **Bids**—Expected to be received on May 15.

Pennsylvania Electric Co. (5/15)
March 15 it was reported company proposes issuance and sale of $9,000,000 of preferred stock early next year. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Kuhn, Loeb & Co.; W. C. Langley & Co. and Glore, Forgan & Co. (jointly); Kidder, Peabody & Co., The First Boston Corp.; Smith, Barney & Co.; Harriman Ripley & Co. Inc. **Bids**—Expected to be received on May 15.

Public Service Co. of New Hampshire
Feb. 25, it was reported company plans to issue and sell $8,000,000 of first mortgage bonds. **Proceeds** — To pay cost, in part, of construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc.; Kidder, Peabody & Co. and Blyth & Co. Inc. (jointly); Equitable Securities Corp.; White, Weld & Co.; The First Boston Corp. and Coffin & Burr, Inc. (jointly); Lehman Brothers. **Bids** — Expected sometime in June.

Puget Sound Power & Light Co.
Feb. 15 the company announced that it estimates that its construction program for the years 1956-1959 will amount to $87,000,000, including $20,000,000 budgeted for 1956. This large expansion, the company says, can be financed wholly by debt and from internal sources. **Underwriter**—If determined by competitive bidding, may include Halsey, Stuart & Co. Inc.; The First Boston Corp.

★ Reading & Bates Offshore Drilling Co.
March 29 it was reported early registration is expected of about 160,000 shares of common stock. **Underwriter** —Hulme, Applegate & Humphrey, Inc., Pittsburgh, Pa.

★ Rochester Gas & Electric Corp.
March 21 it was announced stockholders will vote May 16 on approving a proposal to increase the authorized preferred stock by 100,000 shares. **Underwriter** — The First Boston Corp.

Savannah Electric & Power Co.
March 19 it was reported company plans to issue and sell $4,500,000 of first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co. and Kidder, Peabody & Co. (jointly); The First Boston Corp.; Blair & Co. Incorporated. **Bids**—Expected before mid-year.

Scholz Homes, Inc., Toledo, Ohio
March 12 it was reported company plans early registration with the SEC of 160,000 shares of common stock. **Proceeds**—For expansion program. **Underwriter**—Straus, Blosser & McDowell, Chicago, Ill.

Sierra Pacific Power Co.
Feb. 16 it was reported company is planning to offer 78,220 additional shares of common stock to its common stockholders on a 1-for-8 basis and 80,500 shares of new cumulative preferred stock (par $50) first in exchange for outstanding 6% preferred stock (which is callable at 115). **Underwriters**—May be Stone & Webster Securities Corp. and Dean Witter & Co. if exemption from competitive bidding is obtained.

★ Societe Industrielle de Mecanique et Carrosserie Automobile ("Simca") (5/1)
March 26 it was announced company plans to offer and sell to its stockholders 1,455,713 additional French capital shares (par 5,000 francs or $14.29 U. S. currency) on the basis of one new share for each share held on or about April 30 (with an oversubscription privilege). Holders of American shares, issued on the basis of two American shares for each French Capital share. **Price**—For each American share, the equivalent of 2,750 French francs or $7.86 per share; and for each French capital share, 5,500 French francs or $15.71. **Depositary** — For American shares, City Bank Farmers Trust Co., New York.

Southern California Gas Co. (5/23)
Jan. 30 it was reported company plans to issue and sell $40,000,000 of first mortgage bonds. **Proceeds** — For reduction of bank loans and construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; Lehman Brothers, White, Weld & Co. and Union Securities Corp. (jointly). **Bids**—Expected to be received on May 23.

Southern Counties Gas Co. of California
Jan. 30 it was reported company may in the Fall offer $15,000,000 of first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; The First Boston Corp.; White, Weld & Co.; Merrill Lynch, Pierce, Fenner & Beane.

Southern Nevada Power Co.
Nov. 7 it was announced company plans to sell in 1956 approximately $10,000,000 of new securities (probably $7,000,000 first mortgage bonds and $3,000,000 preferred and common stocks). **Proceeds**—For construction program. **Underwriters**—For stocks: Hornblower & Weeks New York; Wiliam R. Staats & Co., Los Angeles, Calif. and First California Co., San Francisco, Calif. **Bonds** may be placed privately.

Spencer Telefilm Corp., Beaumont, Texas
Jan. 16 it was announced company plans to offer publicly to Texas residents 75,000 shares of capital stock **Price**—$1.50 per share. **Business**—To produce, sell and distribute syndicated films for television. **Underwriter**—Porter-Stacy Co., Houston, Tex.

Tampa Electric Co. (10/1)
Feb. 18 it was reported company may issue and sell around Oct. 1, $10,000,000 of first mortgage bonds. **Proceeds**—For construction program. **Underwriter**—To be determined at competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Stone & Webster Securities Corp.; Goldman, Sachs & Co.; Kidder, Peabody & Co.

Tennessee Gas Transmission Co.
Jan. 28 it was reported company may later this year sell $50,000,000 of bonds. **Underwriters**—Stone & Webster Securities Corp., White, Weld & Co. and Halsey, Stuart & Co. Inc.

Union Electric Co. of Missouri
Feb. 15 it was reported company may offer in May $35,000,000 of first mortgage and collateral trust bonds. **Proceeds** — To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers and Bear, Stearns & Co. (jointly); Blyth & Co., Inc. and Union Securities Corp. (jointly); The First Boston Corp.; White, Weld & Co. and Shields & Co. (jointly).

Virginia Electric & Power Co. (9/25)
Feb. 6 it was announced company plans to issue and sell $20,000,000 of first and refunding mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co., American Securities Corp. and Wertheim & Co. (jointly); Salomon Bros. & Hutzler; Stone & Webster Securities Corp.; White, Weld & Co.; Union Securities Corp. **Bids**—To be opened on Sept. 25.

Waterbury National Bank, Waterbury, Conn.
March 21 the Bank offered to its stockholders of record March 13, 1956, the right to subscribe on or before April 4 for 20,000 additional shares of capital stock (par $12.50) at the rate of one new share for each two shares of new stock to be held following 2-for-1 split-up of present outstanding $25 par value capital stock. **Price**—$30 per share. **Proceeds** — To increase capital and surplus accounts. **Underwriters**—R. L. Day & Co.; Putnam & Co.; Cooley & Co.; Chas. W. Scranton & Co.; The R. F. Griggs Co.; Laird, Bissell & Meeds; and G. H. Walker & Co.

Wells Fargo Bank, San Francisco, Calif. (4/9)
March 7 it was announced Bank plans to offer to its stockholders 100,000 additional shares of capital stock (par $20) on a 1-for-4½ basis. **Price**—To be determined by directors on April 5. **Proceeds**—To increase capital and surplus. **Underwriters**—Dean Witter & Co., Blyth & Co., Inc. and The First Boston Corp.

Wisconsin Electric Power Co. (4/24)
March 8 it was reported company plans to issue and sell $30,000,000 of first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co. and American Securities Corp. (jointly); Lehman Brothers and Salomon Bros. & Hutzler (jointly); Merrill Lynch, Pierce, Fenner & Beane and Equitable Securities Corp. (jointly); Glore, Forgan & Co.; The First Boston Corp.; Union Securities Corp. and Harriman Ripley & Co. Inc. (jointly). **Bids**—Expected to be received on April 24.

Wisconsin Electric Power Co. (4/24)
March 8 it was reported company plans to offer to its common stockholders 463,641 additional shares of common stock on a 1-for-10 basis about April 24. **Underwriter**—None.

Our Reporter's Report

The investment market displayed little if any indication that the current adjustment of yields had been carried to completion this week. On the contrary the situation was not changed noticeably from that prevailing recently so far as institutional buyers were concerned.

In the circumstances, new issues continue to find rather spotty reflection and several more sponsoring syndicates reached the point where they decided to terminate their agreements and let the bonds in question shift for themselves.

The over-all situation is not helped by the heaviness ruling simultaneously in sections of the tax-exempt market, notably among some of the more recent toll road obligations. Buyers seem obsessed with the belief that it is just a matter of waiting, say observers, for the market to adjust itself to their ideas.

Bankers, having been nipped on several recent undertakings, are showing a bit more caution in their bidding as witness the results of New York Telephone Co.'s $55 million of 40-year refunding mortgage bonds. The successful group paid the company a price of 100.01999 for a 3⅜% coupon.

A competing group offered to pay 102.26 for the issue with a 3½% coupon. The bidders were extremely close as it worked out. The winning group is reoffering at a yield of 3.35% while the runners-up evidently had a 3.36% to 3.37% yield basis in mind.

Eye on Calendar

Looking over the list of prospects through the next month, or to April 26, those with funds available for investment, but who seek more liberal return on their money seem to see things in their favor.

They can run down the list and tote up no less than $395 million of new corporate debt offerings which are scheduled for market in that interval provided there is no change in plans of prospective borrowers who have gone into registration to cover such securities.

Largest among these are Columbia Gas System's $40 million of debentures due up April 10; Southern Calif. Edison's $40 million of bonds on the 17th; General Telephone's $55 million of bonds on the 20th and Wisconsin Electric's $30 million on the 24th.

Tide Water Assoc. Oil

As reported a week ago Tide Water Associated Oil Co. and its bankers decided first to postpone the company's projected financing and then to reduce the size of the issue for public offering.

The company had been scheduled to bring out $100 million of 30-year debentures a week ago today. But with the market not up to expectations the issue was set back for a week.

In the interval, it was decided to reduce the public offering to $50 million, with a five-year, 3½% "standby" banking credit being arranged for the balance.

The public offering is slated today to carry an interest rate of 3¼% and a price of 100. Preliminary reports indicate that the entire issue has been spoken for in advance.

Watching Money Market

The rather sensational rate of increase in banks' loans to business in recent weeks has tended to keep the eyes of borrowers and investment bankers glued pretty much in the money market.

Although funds are reported extremely tight, there has not been any further mark up in the rate on prime loans even though this had been more or less expected a few weeks ago.

But the current week's markup in rates for loans to brokers on collateral borrowings for their own, or customers' accounts, has tended to reawaken interest in the outlook for the prime rate.

Telechrome Stock Offering Completed

All States Securities Dealers, Inc., of New York City, recently offered and quickly sold 99,800 shares of class A common stock (par 10 cents) of Telechrome Manufacturing Corp. at $3 per share.

The net proceeds to be received by the Telechrome company from the sale of these shares will be used, first, to obtain by purchase, lease or otherwise, additional manufacturing space, facilities and equipment to enable the company to discontinue present subcontracting; second, for sales and advertising promotion of products already developed by the company; and third, to continue new product development. Any balance will be added to working capital and used for general corporate purposes.

The business of the Telechrome company consists of the engineering, development and production of electronic apparatus, with special emphasis on color television instruments and test equipment. It was incorporated in the State of New York on Oct. 19, 1950 under the name "Telechrome Inc." and changed its name to "Telechrome Manufacturing Corp." on Nov. 24, 1953.

The company's offices and plants are located at 84 East Merrick Road and 630 Merick Road, Amityville, Long Island, N. Y.

Telechrome Sales Corp., a New York corporation, was formed in 1953 for the purpose of taking over the sales activities of the company with broadcasters and studios, and Telechrome, Inc., a New York corporation, was formed for the purpose of handling sales to industrial firms. Telechrome Sales Corp. and Telechrome, Inc. became wholly owned subsidiaries of the company on Jan. 27, 1956.

It is the present intention of the directors to declare and pay quarterly cash dividends on the class A stock, subject to future business conditions, the availability of earnings and the operations and financial condition of the company. The board has by resolution stated its intention to declare at a meeting some time during the fourth quarter of its 1955-1956 fiscal year a quarterly dividend of 6¼ cents per share on the class A stock, payable during such quarter.

Century Acceptance Debentures Offered

An underwriting group, headed by Paul C. Kimball & Co., Chicago, Ill., on March 22 publicly offered $750,000 of junior subordinated debentures due Nov. 1, 1970 of Century Acceptance Corp., with detachable regular common stock purchase warrants, expiring Nov. 1, 1958, for a total of 22,500 shares of regular common stock of $1 par value. They are priced at 100% and accrued interest.

The debentures may be called for redemption at prices scaled from 105% to 100¼%. Attached to each $1,000 debenture will be a warrant to purchase 30 shares of the company's regular common stock at $3 a share, and each $500 debenture will carry a warrant for 15 shares.

In addition to fixed interest of 6%, the debentures will pay interest contingent upon earnings but not to exceed 1½%.

The net proceeds from the sale will be used primarily to provide the company and its subsidiaries with additional working capital for the general operations, to supply addition funds to lend to borrowers and to acquire or open additional loan offices if favorable opportunities are presented.

The corporation through its subsidiaries, makes small loans to individual borrowers and purchases instalment sales contracts from retail dealers. Headquarters are in Kansas City, Mo.

John E. Jardine

John E. Jardine, partner in William R. Staats & Co., Los Angeles, passed away on March 16.

Mutual Funds

By ROBERT R. RICH

The Surprise Move

In a surprise move last week, Prudential Insurance Co. of America asked three New Jersey state legislators to introduce, for the second time, legislation which would permit the state's insurance companies to sell variable annuities.

Led by Leo J. Mosch, speaker of the Assembly, the three Republicans introduced three bills. The first bill would permit the state's insurance companies to offer variable annuities; the second bill would regulate out-of-state insurance companies which wanted to sell the annuities in New Jersey; and the third bill, technical in nature, refers to the assets of the variable annuity operation.

Last summer, Prudential made a similar attempt to have legislation of this type passed, but the bills never got out of committee. At that time, opposition was strong from the National Association of Securities Dealers, the mutual fund industry, and the Investment Bankers Association of America.

When the bills failed to be reported out of committee before the legislature recessed (it never adjourns for local political reasons), Carroll M. Shanks, Prudential President, expressed publicly his determination to get the necessary permissive legislation sooner or later. At that time, Prudential executives said they could have fully-indoctrinated agents in the field selling variable annuities within 60 days after the necessary legislation was passed.

The mutual fund companies, and the dealers distributing their shares, recognize the clear and present threat to their own business should this legislation be passed by the New Jersey assembly and senate, and be approved by the governor.

The mutual fund industry believes it would be placed in an unfairly competitive situation in two ways. First, insurance companies pay no capital gains taxes, and the ordinary income from their investments is taxed at a rate of about 1%. Second, to start at least, insurance companies selling variable annuities (which are very much like mutual fund shares) would not be under the severe restrictions of the Securities and Exchange Commission and the statement of policy.

The insurance companies of course recognize the terrific swing to investing in equities that has taken place in the last decade. Pension funds, retirement funds, and individual investors, using a dollar cost averaging approach, are placing their money in equities. Mutual funds have themselves received a great deal of this business. As a result, the insurance companies, with their massive distribution and selling forces, see a clear opportunity to sell substantial amounts of these new annuities. Once the legislation is passed in New Jersey, it is obvious that variable annuities will soon be a nation-wide operation.

To date, the elements of the securities and mutual fund business have not organized their opposition to this new legislation. While they do not oppose variable annuities in principle, they do oppose the two unfairly competitive threats to their own business.

Under a variable annuity, an insurance company would invest the premiums in common stocks rather than in bonds and similar securities. The policy-holder, as a result, would not be guaranteed a fixed amount when he retired, but instead would receive payments fluctuating with the success of the insurance company's investments in stocks. The argument for a variable annuity program, aside from the rewards of dollar-cost averaging, is that its payments would fluctuate with the cost-of-living, giving the annuity holder a steady real income.

While the sale of variable annuities is opposed, in general, by the securities business, it is also rejected by parts of the insurance field. For example, Metropolitan Life Insurance Co., John Hancock Mutual Life Insurance Co. and Massachusetts Mutual Life Insurance Co., are against the idea.

In favor, besides Prudential, are New York Life Insurance Co. and Mutual Life Insurance Co. of New York.

It is clear that the concept of the variable annuity, its development and the possible exploitation of the idea represent one of the most important challenges ever to confront the securities business. Should this legislation be passed, the impact on the securities business in the next decade would be substantial.

First Investor Sales

First Investors Corporation, distributors of shares of most mutual funds, and sponsors of its own periodic payment plans for the accumulation of shares of Wellington Fund and Mutual Investment Fund, Inc., reports Feb. 1-29 sales of $10,713,790.00, up $3,122,774.00 from the $7,591,016 reported for the period Feb. 1-28 in 1955. This is an increase of over 41%. First Investors Corporation also reports that its January and February 1956 sales amounted to $19,964,536.00, an increase of 29.8% over the $15,379,417.00 sales total for the first two months of 1955.

Boston Fund Assets Now at $135 Million

Boston Fund reports new highs in total assets, shares outstanding and number of shareholders at the close of its latest fiscal year on Jan. 31, 1956.

In its 24th annual report, the fund shows total net assets on that date of $135,446,508, represented by 8,602,950 shares owned by more than 26,500 investors. On Jan. 31 of last year, net assets were $121,457,845, with the equivalent of 8,278,342 shares outstanding, all figures adjusted for the 100% stock dividend paid in April 1955.

At the end of last January, net asset value per share was $15.74. Adjusting this figure for the year-end capital gains distribution of 57 cents a share, the asset value was equivalent to $16.31 which compares with $14.67 a year earlier on the basis of the present shares.

In his letter to shareholders, Henry T. Vance, President of the fund, calls attention to an accompanying tabulation of the investment holdings of 42 of the country's larger colleges and universities showing that common stocks range from 41.6% to 77.5% of these endowment accounts. He also observed that:

"During recent months, there has been widespread publicity with respect to the Ford Foundation which has just completed the public sale of a large block of Ford Motor stock for the purpose of diversifying its investments. It has been announced that the Foundation intends to follow a balanced investment policy which contemplates holdings of bonds, preferred and common stocks very much along the lines followed by your Fund."

The fund's list of investments on Jan. 31, 1956 shows that 29.1% was in cash, bonds and preferred stocks, with 70.9% in common stocks. This compares with 27.1% in fixed-income securities and cash at the close of the previous year, with 72.9% in common stocks.

The report notes that among the fund's shareholders are some 2,000 fiduciary and institutional investors who hold shares worth more than $18,000,000. A particularly marked proportionate increase, as compared with a year earlier, is shown for profit-sharing, pension and benefit plans.

During the year there was also an increase of approximately 25% in the number of shareholders using the fund's Cumulative Investment Program for reinvestment of income dividends and periodic investment of other sums.

Canada General Fund (1954) Limited, largest Canadian investment company owned predominantly by United States investors, reports net assets of $65,829,830 on Feb. 29, 1956, the close of the second quarter of the fund's present fiscal year. Net asset value per share was $11.95, which compares with $11.23 three months earlier and $9.98 on Feb. 28 of last year. There were 5,507,627 shares outstanding on Feb. 29 against 5,483,098 shares at the end of February, 1955.

In the current report, Henry T. Vance, President, observes that: "During the last quarter the fund disposed of substantial amounts of preferred stocks, originally purchased as temporary investments for current income pending suitable opportunities for reinvestment in appropriate common stocks. To a large extent the proceeds from such sales were used to increase the holdings of common stocks of oil and pipe line companies. By industry classification, the fund's largest holdings are in such enterprises, which are emerging from their earliest development stages and whose attractive long-term growth potentials can now be more clearly evaluated."

A section of the report headed "Oil Industry Review" points out that the fund's holdings of oils and pipe lines amounted to about 23% of net assets on Feb. 29 compared with approximately 18% at the beginning of the quarter and sets forth some of the reasons for the emphasis being placed by the management on this industry.

OPEN-END COMPANY STATISTICS—MONTH OF FEBRUARY 1956 — 126 OPEN-END FUNDS

(In 000's of $)

	Feb. 29, '56	Jan. 31, '56	Feb. 28, '55
Total net assets	$8,059,297	$7,728,429	$6,453,899
	Month of February 1956	Month of January 1956	Month of February 1955
Sales of shares	$117,756	$123,146	$99,497
Redemptions	39,337	40,478	37,998

Holdings of Cash, U. S. Governments and Short-Term Bonds

February 29, 1956	$491,895	December 31, 1955	$437,966
January 31, 1956	438,158	February 28, 1955	349,683

Accumulation Plans	Month of February 1956	Month of January 1956	Month of February 1955
Number of new accumulation plans opened in period (86 funds reporting)	12,648	12,990	8,769

Group Sees Labor Shortage

We can look forward to a severe shortage of labor in the United States in 1965, despite the projected 25 million population increase over the next decade, according to Distributors Group, Inc., sponsors of the mutual funds of Group Securities, Inc.

Thus automation, instead of being feared by the working man, is a vital necessity, says Group's latest analysis. "We must increase production by at least 50% to meet the needs of the enlarged population over the next decade. Yet the normal labor force, consisting of people born during the low-birth-rate period of the early 1930's, will only increase by 14% over today's workers, while two-thirds of the 25 million population increase will be made up of people either over or under working age."

Thus, according to Group, "More and better machines are needed for 1965 and they will cost money which will have to be raised by that powerful breeder of prosperity, capital investment. For every dollar spent on improved plants and equipment puts that much more money into the economic spending stream and thereby creates added purchasing power." And, the analysis concludes, "as we are presented with greater opportunities for capital investment, so do we need to judge such investments on a selective basis."

Capital of Canada Annual Meeting

At the annual meeting of the New York Capital Fund of Canada, Ltd. held in Toronto yesterday, Robert B. Anderson, President of Ventures Limited and former Secretary of the Navy, and Ralph A. Bard, Jr., President of Chicago - Canadian Holdings Ltd., were elected directors.

Effective April 1, the New York Capital Management Company of Canada, Ltd. will become investment adviser of the fund. The officers and directors of the Management Company are all from the organizations of Empire Trust Company, Carl M. Loeb, Rhoades & Co., and Stein Roe & Farnham, which have served jointly as investment adviser to the fund from its inception.

Stockholders also approved a change in investment policy increasing to 40% from 33⅓% that portion of the fund's assets which may be invested in securities of companies which are not Canadian nor derive their income from Canada.

With Calif. Investors

(Special to The Financial Chronicle)

LOS ANGELES, Calif. — Richard E. Conway is now affiliated with California Investors, 3924 Wilshire Boulevard.

Wellington Over Half-Billion Mark

Total net assets of the conservatively-managed Wellington Fund crossed the half-billion dollar mark for the first time in the fund's 27-year history, Walter L. Morgan, President, announced. $500,000,000 in resources further advances Wellington into the ranks of the country's largest financial institutions.

Founded in 1928, Wellington Fund made steady progress during the '30's and early '40's; and crossed the $25 million mark in late 1945. Its greatest growth, however, has come in the postwar years with record-breaking investments in the fund by ever-increasing numbers of investors.

Today Wellington has in excess of 164,000 shareholders living in every State and 36 foreign countries. In number of shareholders, the fund now ranks as the 11 largest corporation in the United States.

M. I. T. Growth Assets at Peak

Massachusetts Investors Growth Stock Fund for the three months ended Feb. 29, 1956 reported today total net assets at the quarter's end of $88,042,097, an all-time high, and an increase of more than 32% over total assets of $66,-388,505 on Feb. 28, 1955.

Net assets were equal to $9.78 per share not including a capital gain distribution of 58 cents a share in December compared with $8.62 per share on Feb. 28, 1955, adjusted for the three-for-one stock split of last October.

Shares outstanding on Feb. 29 totaled 9,006,661 compared with 7,697,415 on Feb. 28, 1955, adjusted for the stock split. Shareholders on Feb. 29 totaled 22,511 compared with 18,126 last year.

Twelve per cent of the fund's shares, the report noted, is held by fiduciaries, institutions and nominees believed to be mainly corporate fiduciaries, according to a recent tabulation of shareholders.

Axe Offers Living Trusts

Shareholders of two Axe-Houghton mutual funds may now set up living trusts from which they or others named by them will receive regular monthly or quarterly payments of a specified amount, according to a new service offered by Axe Securities Corporation, distributor of the funds' shares.

The special service is open to investors of $10,000 or more in Axe-Houghton Fund A or Axe-Houghton Fund B dividend reinvestment accounts. The minimum payment is $25 and payments will be made on or before the fifth of the month, if on a monthly basis, and by the fifth of January, April, July and October, if on a quarterly basis.

Generally, payments will be made from dividends and distributions. In the event these are insufficient, the difference will be paid out of principal.

Axe-Houghton Fund B assets have risen nearly 6,000% in 10 years and have now passed the $60 million mark for the first time, according to Emerson W. Axe, President. The total at the close of business March 20 was $60,629,854 as against $43,903,869 on the same day last year. It was $113,510 on Dec. 31, 1939 (after approximately a year's operations) and reached $1 million in 1946 and $50 million last September.

Continued from page 14

Uranium Ore Producer and His Future Prospects

any industry—has virtually dried up.

Confidence in the producer has been ripped to shreds by articles in national publications with such damning titles as in Forbes Business and Finance Magazine—"The Great Uranium Hunt: More Puff Than Paydirt"; in Reader's Digest —"Five Frauds to Watch Out For"; in American Mercury—"The Coming Uranium Bust"; in Newsweek Magazine—"Uranium Stocks—The Facts. Wallpaper or Wealth—the Odds Are on Wallpaper." And there are newspaper headlines such as followed the recent subcommittee hearings on proposed changes in stock regulations—"Skull and Cross Bones Urged to Label Uranium Stocks." Only this month Blue Book features on the cover, "Uranium Stocks—Big New Fraud."

It doesn't take much of this kind of stuff to sully the reputation of any individual or company —to cause people to be off them like they would a dirty shirt.

No wonder the condition of the uranium stock market has been alarming. No one, of course, wants to see a flood of uranium securities backed by nothing more than promotional schemes. And the investor should be educated to the nature of the mining business—its highly speculative nature in which even honest and competent concerns can lose. But that same investor also must be shown that the uranium business—like the oil industry—has gone through any loose and promotional phase of early growth—that with careful scrutiny the investor now can find scores of individuals and companies who have emerged with good properties and experienced management — men and groups of men with reputations for, and dedication to, good business in the best American tradition.

There is still another kind of attack to which the independent uranium ore producer is exposed —a deadly kind of back-stabbing about which the public knows little or nothing. And even some producers themselves are unaware of its full and devastating implications. That attack has been taking place behind the scenes—in, and along, the financial arteries of the nation—from Wall Street in New York to San Francisco's Montgomery Street, Chicago's La Salle Street to Spring Street in Los Angeles. Here top financiers and blue-chip brokers believe there is more mangling to be done — a more thorough beating-up of the small guy before the moment is precisely opportune to gobble up the independent's hard-won earnings and properties.

And it is here that the government through the Atomic Energy Commission, however unwittingly, aids and abets such maneuverings calculated to throttle the independent uranium ore producer: Actions such as the recent competitive bidding set-up — the ore market uncertainty. The independent producers can point with pride to their recent insistence that the sampling procedures be corrected and to other contributions which brought benefit to the entire industry.

To my knowledge, public note of this situation has been taken by only one writer: Ralph Hendershot, financial editor of the New York "World-Telegram and Sun," a Scripps-Howard paper. Hendershot charges that a concerted effort by eastern financiers —including members of the New York Stock Exchange and the Investment Bankers Association — has had the effect of a smear campaign which has made it impossible for many small uranium companies—who have been supplying the bulk of the metal for government stockpiles—to get any new financing. This, he says, leaves any new mining and prospecting up to big and well-heeled firms. And he further points out the possibility of our running short of uranium in a few years *unless* public confidence in uranium stocks is restored.

The future of the independent uranium ore producer?

It rests with the restoration of public confidence in what he is doing.

Public Opinion

Happily for him, the history of this nation records that the fate of every worthwhile endeavor ultimately has been decided in the real Supreme Court of the country —the court of Public Opinion. And eventually, whenever any group of men and women whose performance has been laudable and whose activities are vital to the welfare of their fellow men —when their demands have been fair and when these facts are fully and fairly presented — that court has never failed to return a verdict in their favor.

What must the independent uranium ore producer do to assure his future?

He must — at once — begin a presentation of his case to the public. His representation must be a Public Relations Campaign that will create an honest picture of himself, his activities, his problems and his obstacles. The independent Uranium Producer must act—he must begin a Public Relations Campaign that will cause the American citizen to *feel* that what he stands for is wholesome —that it is good for every American family's well-being—that his demands are just—that what he is doing is American to the core.

This, as I see it, is the answer to the future of the Independent Uranium Ore Producer. In it is a challenge, and a job.

We started work on that job at the special uranium meeting that preceded this conference. We hope that the experience we gain from our efforts can be used by other segments of the mining industry in attaining their goals. We should pledge our support to the American Mining Congress, State Mining Associations, and the Petroleum Industry. For they, too, are in the field of producing energy materials—and more and more, going into the nuclear energy materials field.

We are proposing a National Uranium Institute that should be backed to the hilt by every individual and company who expects and wants to stay in the business —the future is at stake, made no mistake about it. We know our job will be as tough—or tougher —than that of the oil producer in the early days of his industry. And it will be costly. But it will be far tougher—and extinction is in sight—if the job is not done.

This National Uranium Institute would undertake to carry the story of the independent uranium ore producer—his companies—to the American people through press, magazines, radio and television. It would seek the help of columnists and commentators — the public opinion moulders of these media—in telling that story. It would provide factual material for our state and national legislators and office-holders for their information and guidance in making the many decisions affecting the welfare of the industry.

The name — National Uranium Institute—would be a Hallmark of the entire uranium business.

Each of you can at this moment make no greater contribution to our mutual welfare and future than to give the Institute your full support.

Of all the old cliches rampant in our American vernacular, perhaps none is more true than the one about being too close to the forest to see the trees. Sometimes I think it is we ourselves who are needful of education to the fantastic achievements that uranium spells out for man's future and well-being at home and the world over. Industry, business, agriculture, medicine, the home—not a facet of human life will be untouched by the uses which scientists are finding for this miracle ore. Even today the air force is flying a nuclear reactor, pointing toward nuclear-powered aircraft. Our Navy is looking toward a nuclear - powered fleet. New atomic weapons defy imagination.

While uranium is the foundation for our mightiest military defense and security—it is also perhaps our greatest hope for a peaceful world. To men everywhere, it holds out promise of creature comforts, of health and prosperity, without resort to force.

It is, therefore, important to remember that you — as uranium ore producers—have an extraordinary responsibility to, and relationship with, the future of this staggering force. For it is you who provide its source material, the food on which it must survive and grow strong.

With your realization of that—and with your acceptance of the fact that the only way to surmont our problems is through unselfish, concerted effort — the future of the independent uranium ore producer need not be in doubt.

Household Finance Debentures Placed

Household Finance Corp. has placed privately $25,000,000 (Canadian) 4⅜% sinking fund debentures due March 1, 1981, with a number of leading United States and Canadian institutional purchasers.

The proceeds will be used by Household Finance Corp. to refund subsidiary short term borrowings and to provide additional working capital.

Lee Higginson Corp. and A. E. Ames Co., Ltd. acted as agents in negotiating the placement.

East Basin Oil & Uranium Shs. Offered

Philip Gordon & Co., Inc. of New York City, are offering publicly 1,500,000 shares of common stock of East Basin Oil & Uranium Co. (an Oklahoma corporation) at 20 cents per share as a speculation.

East Basin Oil & Uranium Co. will engage in the development and production of oil on its properties in Oklahoma, in the exploration for oil on its properties in Oklahoma, Kansas and New Mexico, and in the exploration for rare minerals on its mining claims in Utah.

The net proceeds from the sale of the stock are to be used to pay for development and drilling costs, and for other general corporate purposes.

John Kinnard Adds

(Special to The Financial Chronicle)

MINNEAPOLIS, Minn.—George B. Harris is with John G. Kinnard & Co., 133 South Seventh Street.

Richard W. Hurdley

Richard W. Hurdley, partner in Wm. C. Roney & Co., Detroit, Mich., passed away March 6.

Indications of Current Business Activity

The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date:

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Indicated steel operations (percent of capacity)	April 2	97.5	99.5	99.9	94.4
Equivalent to—					
Steel ingots and castings (net tons)	April 2	§2,400,000	*2,449,000	2,459,000	2,278,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Mar. 16	7,153,400	7,162,250	7,116,050	6,858,400
Crude runs to stills—daily average (bbls.)	Mar. 16	¶7,986,000	*7,982,000	7,989,000	7,474,000
Gasoline output (bbls.)	Mar. 16	26,056,000	26,628,000	25,899,000	24,443,000
Kerosene output (bbls.)	Mar. 16	2,510,000	2,591,000	2,723,000	2,801,000
Distillate fuel oil output (bbls.)	Mar. 16	12,910,000	13,573,000	13,730,000	11,872,000
Residual fuel oil output (bbls.)	Mar. 16	9,042,000	8,365,000	8,953,000	8,538,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Mar. 16	195,941,000	195,669,000	189,428,000	183,840,000
Kerosene (bbls.) at	Mar. 16	17,959,000	18,269,000	19,541,000	19,053,000
Distillate fuel oil (bbls.) at	Mar. 16	67,744,000	69,739,000	77,850,000	63,735,000
Residual fuel oil (bbls.) at	Mar. 16	35,038,000	34,865,000	38,203,000	44,801,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Mar. 17	685,985	697,601	698,319	650,924
Revenue freight received from connections (no. of cars)	Mar. 17	660,958	‡690,037	678,807	622,269
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Mar. 22	$501,318,000	$648,944,000	$440,059,000	$544,837,000
Private construction	Mar. 22	392,864,000	473,115,000	292,854,000	410,742,000
Public construction	Mar. 22	108,454,000	175,829,000	147,205,000	134,095,000
State and municipal	Mar. 22	94,646,000	125,526,000	117,801,000	107,524,000
Federal	Mar. 22	13,808,000	50,303,000	29,404,000	26,571,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Mar. 17	9,230,000	9,525,000	10,050,000	8,058,000
Pennsylvania anthracite (tons)	Mar. 17	430,000	408,000	506,000	425,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Mar. 17	106	109	95	108
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Mar. 24	11,134,000	11,202,000	11,277,000	9,907,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Mar. 22	208	300	230	232
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Mar. 20	5.174c	5.174c	5.174c	4.797c
Pig iron (per gross ton)	Mar. 20	$59.09	$59.09	$59.09	$56.59
Scrap steel (per gross ton)	Mar. 20	$50.17	$48.83	$48.67	$37.50
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Mar. 21	46.475c	47.725c	45.700c	32.700c
Export refinery at	Mar. 21	48.050c	47.725c	46.175c	36.250c
Straits tin (New York) at	Mar. 21	100.625c	101.750c	100.750c	91.250c
Lead (New York) at	Mar. 21	16.000c	16.000c	16.000c	15.000c
Lead (St. Louis) at	Mar. 21	15.800c	15.800c	15.800c	14.800c
Zinc (East St. Louis) at	Mar. 21	13.500c	13.500c	13.500c	11.500c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Mar. 27	94.27	94.62	95.70	97.29
Average corporate	Mar. 27	107.09	107.62	108.16	109.42
Aaa	Mar. 27	110.70	110.88	111.81	112.93
Aa	Mar. 27	109.06	109.60	110.34	110.70
A	Mar. 27	107.09	107.62	108.16	109.60
Baa	Mar. 27	102.13	102.63	102.80	104.48
Railroad Group	Mar. 27	106.04	106.39	106.39	107.62
Public Utilities Group	Mar. 27	107.80	108.16	108.70	109.97
Industrials Group	Mar. 27	107.62	108.16	109.42	110.52
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Mar. 27	2.94	2.91	2.82	2.70
Average corporate	Mar. 27	3.33	3.30	3.27	3.20
Aaa	Mar. 27	3.13	3.12	3.07	3.01
Aa	Mar. 27	3.22	3.19	3.15	3.13
A	Mar. 27	3.33	3.30	3.27	3.19
Baa	Mar. 27	3.62	3.59	3.58	3.48
Railroad Group	Mar. 27	3.39	3.37	3.37	3.30
Public Utilities Group	Mar. 27	3.29	3.27	3.24	3.17
Industrials Group	Mar. 27	3.30	3.27	3.20	3.14
MOODY'S COMMODITY INDEX	Mar. 27	415.4	409.9	405.8	393.3
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Mar. 17	265,047	285,879	226,447	251,820
Production (tons)	Mar. 17	281,572	285,170	291,777	273,946
Percentage of activity	Mar. 17	99	100	99	97
Unfilled orders (tons) at end of period	Mar. 17	570,946	588,027	545,180	478,707
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	Mar. 23	107.57	107.33	107.00	107.23
STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE — SECURITIES EXCHANGE COMMISSION:					
Odd-lot sales by dealers (customers' purchases)—†					
Number of shares	Mar. 3	1,608,764	1,119,508	1,190,414	1,493,102
Dollar value	Mar. 3	$81,105,948	$57,805,470	$63,371,893	$76,928,678
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Mar. 3	1,280,112	958,728	966,395	1,338,805
Customers' short sales	Mar. 3	9,390	4,573	4,666	4,690
Customers' other sales	Mar. 3	1,270,722	954,155	961,729	1,334,115
Dollar value	Mar. 3	$64,556,694	$49,085,252	$51,163,343	$63,267,057
Round-lot sales by dealers—					
Number of shares—Total sales	Mar. 3	313,770	263,920	224,550	331,290
Short sales	Mar. 3	------	------	------	------
Other sales	Mar. 3	313,770	263,920	224,550	331,290
Round-lot purchases by dealers—					
Number of shares	Mar. 3	612,360	384,600	534,450	513,700
TOTAL ROUND-LOT STOCK SALES ON THE N. Y. STOCK EXCHANGE AND ROUND-LOT STOCK TRANSACTIONS FOR ACCOUNT OF MEMBERS (SHARES):					
Total round-lot sales—					
Short sales	Mar. 3	715,550	402,300	406,530	496,210
Other sales	Mar. 3	14,108,750	10,657,520	9,821,460	15,390,160
Total sales	Mar. 3	14,824,300	11,059,820	10,227,990	15,886,370
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:					
Transactions of specialists in stocks in which registered—					
Total purchases	Mar. 3	1,868,690	1,274,210	1,281,650	1,596,310
Short sales	Mar. 3	391,450	233,500	200,540	284,120
Other sales	Mar. 3	1,566,540	1,091,930	1,015,210	1,386,200
Total sales	Mar. 3	1,957,990	1,325,430	1,215,750	1,670,320
Other transactions initiated on the floor—					
Total purchases	Mar. 3	337,270	256,770	258,360	242,280
Short sales	Mar. 3	50,250	21,400	28,550	20,300
Other sales	Mar. 3	271,890	243,160	203,810	305,260
Total sales	Mar. 3	322,140	264,560	232,360	325,560
Other transactions initiated off the floor—					
Total purchases	Mar. 3	641,542	618,999	475,268	532,426
Short sales	Mar. 3	125,320	65,900	93,280	70,990
Other sales	Mar. 3	808,028	595,295	524,467	841,252
Total sales	Mar. 3	933,348	661,195	617,747	912,242
Total round-lot transactions for account of members—					
Total purchases	Mar. 3	2,847,502	2,149,979	2,015,278	2,371,016
Short sales	Mar. 3	567,020	320,800	322,370	375,410
Other sales	Mar. 3	2,646,458	1,930,385	1,743,487	2,532,712
Total sales	Mar. 3	3,213,478	2,251,185	2,065,857	2,908,122
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	Mar. 20	112.8	112.5	112.0	110.1
Farm products	Mar. 20	87.8	*86.6	85.7	93.0
Processed foods	Mar. 20	99.8	*99.2	98.4	102.2
Meats	Mar. 20	72.4	70.4	70.7	82.3
All commodities other than farm and foods	Mar. 20	120.7	120.6	120.2	115.5

*Revised figure. ¶Includes 904,000 barrels of foreign crude runs. §Based on new annual capacity of 128,363,000 tons as of Jan. 1, 1956, as against Jan. 1, 1955 basis of 125,828,319 tons. ‡Corrected figure.
†Number of orders not reported since introduction of Monthly Investment Plan.

	Latest Month	Previous Month	Year Ago
ALUMINUM (BUREAU OF MINES):			
Production of primary aluminum in the U. S. (in short tons)—Month of December	140,748	133,989	127,035
Stocks of aluminum (short tons) end of Dec.	15,020	11,173	21,141
AMERICAN GAS ASSOCIATION—For month of January:			
Total gas (M therms)	8,392,505	7,585,206	7,212,254
Natural gas sales (M therms)	7,933,962	7,1[illegible]	6,820,365
Manufactured gas sales (M therms)	44,399	4[illegible]	57,021
Mixed gas sales (M therms)	414,144	347,148	334,837
AMERICAN IRON AND STEEL INSTITUTE:			
Steel ingots and steel for castings produced (net tons)—Month of February	10,121,000	*10,828,231	8,495,934
Shipments of steel products (net tons)—Month of January	7,587,870	7,580,943	6,009,958
AMERICAN ZINC INSTITUTE, INC.—Month of February:			
Slab zinc smelter output all grades (tons of 2,000 pounds)	86,329	90,313	78,977
Shipments (tons of 2,000 pounds)	87,826	89,362	99,964
Stocks at end of period (tons)	33,833	41,330	95,165
Unfilled orders at end of period (tons)	45,255	60,717	54,527
BUILDING PERMIT VALUATION — DUN & BRADSTREET, INC.—215 CITIES—Month of February:			
New England	$15,915,875	$16,985,356	$23,069,390
Middle Atlantic	116,267,638	88,137,540	75,654,034
South Atlantic	41,015,042	33,361,775	46,488,242
East Central	78,464,404	78,804,553	80,081,763
South Central	77,236,207	90,327,695	98,975,940
West Central	20,888,474	16,227,585	22,974,312
Mountain	18,495,762	19,455,956	18,590,754
Pacific	66,499,347	88,083,197	75,445,932
Total United States	$437,782,749	$431,383,658	$442,092,367
New York City	89,172,555	61,735,949	47,687,731
Outside New York City	348,610,194	369,647,709	394,404,633
FABRICATED STRUCTURAL STEEL (AMERICAN INSTITUTE OF STEEL CONSTRUCTION)—Month of February:			
Contracts closed (tonnage)—estimated	328,597	*405,396	233,835
Shipments (tonnage)—estimated	283,379	*251,498	213,385
BUSINESS FAILURES—DUN & BRADSTREET, INC.—Month of February:			
Manufacturing number	202	209	188
Wholesale number	108	106	101
Retail number	511	535	412
Construction number	141	126	113
Commercial service number	62	72	60
Total number	1,024	1,048	877
Manufacturers' liabilities	$17,647,000	$14,442,000	$18,922,000
Wholesale liabilities	5,048,000	4,375,000	4,338,000
Retail liabilities	14,693,000	14,936,000	8,928,000
Construction liabilities	9,881,000	6,163,000	7,624,000
Commercial service liabilities	1,920,000	2,974,000	2,244,000
Total liabilities	$49,189,000	$42,890,000	$42,056,000
COTTON AND LINTERS — DEPT. OF COMMERCE—RUNNING BALES:			
Consumed month of February	760,590	746,906	720,591
In consuming establishments as of Feb. 25	1,759,389	1,712,495	1,879,040
In public storage as of Feb. 25	16,524,478	17,289,089	12,818,454
Linters—Consumed month of February	152,625	156,484	115,591
Stocks Feb. 24	1,490,307	1,397,615	1,826,406
Cotton spindles active as of Feb. 25	19,418,000	19,399,000	19,430,000
COTTON GINNING (DEPT. OF COMMERCE)—As of March 20 (running bales)	14,535,816	------	13,618,392
COTTON SPINNING (DEPT. OF COMMERCE):			
Spinning spindles in place on Feb. 25	21,971,000	21,987,000	22,402,000
Spinning spindles active on Feb. 25	19,428,000	19,399,000	19,429,000
Active spindle hours (000's omitted) Feb. 25	9,633,000	9,577,000	9,299,000
Active spindle hours per spindle in place Feb.	481.7	478.8	472.8
DEPARTMENT STORE SALES—SECOND FEDERAL RESERVE DISTRICT, FEDERAL RESERVE BANK OF NEW YORK—1947-49 Average=100—Month of February:			
Sales (average monthly), unadjusted	80	88	74
Sales (average daily), unadjusted	85	90	82
Sales (average daily), seasonally adjusted	105	114	107
Stocks, unadjusted	116	108	107
Stocks, seasonally adjusted	124	122	114
NEW YORK STOCK EXCHANGE—As of Feb. 29 (000's omitted):			
Member firms carrying margin accounts—			
Total customers' net debt balances	$2,774,420	$2,822,402	$2,653,351
Credit extended to customers	34,499	36,145	62,875
Cash on hand and in banks in U. S.	340,905	363,436	350,770
Total of customers' free credit balances	913,175	904,642	1,062,835
Market value of listed shares	209,558,874	202,335,629	175,587,870
Market value of listed bonds	105,443,575	105,597,759	104,517,827
Member borrowings on U. S. Gov't issues	83,103	84,071	146,194
Member borrowings on other collateral	2,355,166	2,354,160	1,824,797
PROSPECTIVE PLANTING FOR 1956—U. S. CROP REPORTING BOARD — ACREAGES IN THOUSANDS—As of March 1:			
Corn, all	78,686	------	81,577
All spring wheat	14,605	------	13,891
Durum	2,021	------	1,424
Other spring	12,584	------	12,467
Oats	46,063	------	43,021
Barley	14,773	------	15,102
Flaxseed	5,465	------	5,192
Rice	1,597	------	1,842
Sorghums for all purposes	24,198	------	24,113
Potatoes	1,394	------	1,452
Sweetpotatoes	323	------	354
Tobacco	1,366	------	1,510
Beans, dry edible	1,535	------	1,660
Peas, dry field	377	------	325
Soybeans	21,760	------	19,669
Peanuts	1,923	------	2,004
Hay	74,305	------	73,984
Sugar beets	823	------	798

Public Utility Securities

By OWEN ELY

Oklahoma Natural Gas Company

Oklahoma Natural Gas, during the 50 years of its existence, has grown from a small enterprise with a few hundred customers to a large integrated company with revenues of $42 million. It produces, transports, stores and distributes natural gas through some 7,000 miles of pipelines to 346,000 customers in 135 communities, with an estimated population of 1,065,000. It also serves at wholesale 54 other communities with an estimated population of 133,000.

All customers and the properties serving them are located in the state of Oklahoma (the company is thus not subject to regulation by the Federal Power Commission) and over 70% of sales are in the Tulsa and Oklahoma City areas. The economy of the state has been changing. In 1930, over 50% of the population obtained its income from agriculture, but due to improvements in farm methods the agricultural population is declining and the industrial economy is increasing at a fast tempo, resulting in a concentration of population in the cities. Hence, in the last decade there has been an increase of 72% in the number of customers served by the company. New industry and commerce are coming into the area and the outlook for continued growth is favorable.

The company has over 300,000 acres of potentially productive oil and gas acreage; it is doing no wild-catting but is working in conjunction with oil companies to do the drilling. It produces about one-quarter of its gas supply and buys the other three-quarters from Warren Petroleum, Skelly, Phillips, Texas Corp., Sunray, Magnolia and a large number of other producers. Gas is obtained from about 115 separate oil and gas fields in the South Central area of the state. The company owns or has an interest in 188 wells. Most of the drilling for gas at the present time is in partnership with major oil companies, which type of development is relatively inexpensive. A staff of geologists and scouts are employed for up-to-date information on all new developments in the state, as well as in searching for new reserves.

The company's controlled reserves are roughly ten times system input. For the past several years the company has been very aggressive, and successful, in negotiating for new gas supplies in a highly competitive market. An important factor in maintaining reserves is the use of four underground storages. Located in various parts of Oklahoma, they have a capacity of 157 billion cubic feet and mean that the company can take gas from residue plants which it must pay for regardless of demand. It also means conservation of gas, improvement of system load factor, and ability to meet peak requirements during periods of high demand.

The company expects to spend approximately $51 million on new construction during the next five years. This includes expenditure for extensions to new gas supplies, a new pipeline to an underground storage project, the cost of connecting an expected 65,000 new customers, and improvement and replacement of existing facilities.

Capitalization as of Jan. 31, 1956, was 51% funded debt, 16% preferred stock and 33% common stock equity. Funded debt did not include $13.6 million short-term bank loans. The company plans to sell to institutions $10 million first mortgage bonds, in order to reduce these loans. Over the longer-term preferred stock may be sold in 1958 and first mortgage bonds in 1959, but no equity financing is anticipated during the four-year period. The portion of cash requirements not permanently financed will be provided from depreciation funds, retained earnings, and a modest amount of bank loans.

The record of earnings and dividends in the past decade (for fiscal years ending Aug. 31) has been as follows, after adjustment for stock splits:

Year	Earnings	Dividends
1955	$1.80	$1.20
1954	1.62	1.20
1953	0.94	1.03
1952	1.39	1.00
1951	1.46	1.00
1950	1.50	1.00
1949	1.69	0.88
1948	1.71	0.75
1947	1.24	0.70
1946	1.01	0.56

The decline in earnings during 1951-53 was due principally to a substantial change in gas costs. Company has been purchasing gas for 5.3 cents, but a principal competitor came into the territory offering 10 cents on 20-year contracts, which the company had to meet. Rate increases were applied for but did not become effective until 1953.

In a recent talk before the New York Society of Security Analysts President H. A. Eddins estimated that the company would earn about $2 a share in the fiscal year ending Aug. 31, compared with $1.80 in the previous fiscal year and $1.62 in 1954. The stock has recently been selling around 27, and with the increased dividend rate of $1.40 yields about 5.2%. The price-earnings ratio based on the estimate for the current fiscal year would be 13.5.

With Security Planning

WEST PALM BEACH, Fla.—Eva C. Wagner has joined the staff of Security Planning, Inc., Harvey Building.

With Columbia Secs.

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Cal.—Milton Blafkin, Earl H. Cochell and Kirby G. Freeman have become affiliated with Columbia Securities Co. Inc. of California, 225 South Beverly Drive.

Tidewater Associated Debentures Offered

A nationwide underwriting group managed jointly by Eastman, Dillon & Co.; Kuhn, Loeb & Co., and Lehman Brothers is offering for public sale today (March 29) a new issue of $50,000,000 Tide Water Associated Oil Co. 30-year 3½% sinking fund debentures. The debentures, due April 1, 1986, are priced at 100% and accrued interest. The offering represents one of the larger debt financing operations of recent years involving the petroleum industry.

Proceeds from the sale, with other funds, will be used by the company for the construction of the Delaware Flying A refinery on a 5,000-acre site on the Delaware River south of Wilmington, modernization of the Avon Flying A refinery in California and for other projects. The expansion program includes domestic and foreign exploration, acquisition and development of oil and gas properties and improvement of refining, transportation and marketing facilities.

The company estimates that the refinery projects will entail an aggregate capital expenditure of approximately $230,000,000 of which about $80,000,000 was expended to Dec. 31, 1955, leaving a balance of around $150,000,000 to be spent in 1956 and the early part of 1957.

A part of the additional funds required for the expansion program will come from credits totalling $150,000,000 which the company has arranged with The Chase Manhattan Bank and other institutions.

The sinking fund for the debentures provides for annual payments, beginning not later than 1970, calculated to retire 80% of the issue at 100% prior to maturity. Optional redemption prices scale from 103½% to the principal amount.

Tide Water Associated is an integrated company operating in practically all branches of the oil business. Its reserves of crude petroleum are in the Mid-Continent and Gulf Coast areas, California, Colorado, Illinois and other producing states. Properties now include three refineries, natural gasoline plants, oil and gasoline pipe lines, tankers and other transportation facilities. The company has marketing outlets throughout most of the United States, chiefly in the New England, middle Atlantic and West Coast States.

The company's revenues increased from $397,688,441 in 1951 to $481,547,806 in 1955. Net income in 1955 amounted to $37,789,769.

Ostema Elected

PHILADELPHIA, Pa.—The directors of Lancaster Corporation have elected Clarence W. Ostema Financial Vice-President of the corporation. Mr. Ostema is Vice-President and Treasurer of the Philadelphia Securities Co., Inc.

Joins Shearson, Hammill

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Eli Goulden has become associated with Shearson, Hammill & Co., 520 South Grand Avenue. He was formerly with Gross, Rogers & Co. and Edgerton, Lofgren & Co.

Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C. — Despite a host of reforms benefiting many business groups with perhaps neligible net loss to the Treasury, the Ways and Means Subcommittee bill on excise tax reform is considered as having a poor chance at passing this year.

Among other things this bill, sponsored by Rep. Aime J. Forand (D., R. I.), Chairman of the Excise Tax Subcommittee of the Ways and Means Committee, relieves the tobacco and liquor industries of financing the Treasury in advance of their sales, and would remove the tax on odd-lot sales of securities.

Nevertheless, the bill is said to have a poor chance because it already is getting so late in the session that pressure is beginning to pile up. Regardless of the fact that this bill attempts to iron out many inequities in excise taxes and their administration, it does not have the political appeal necessary for allotting it time.

Had the Forand bill been ready in time to add to the current legislation extending the higher rates of excise and corporation income taxation a year beyond April 1, it might have been tacked onto that bill and been passed with little difficulty, despite the Treasury's lack of enthusiasm for the bill.

Committee members said that the long delay which they encountered in getting recommendations out of the Treasury was primarily responsible for their inability to get the legislation ready in time to add to the tax extender.

Gas Regulation Lags

In vetoing the Gas bill, President Eisenhower has obviously confronted the Federal Power Commission with what it regards as an impossible situation.

Under the Phillips case, the Supreme Court "legislated" a requirement that the FPC was required to fix prices on gas sold at the well-head for movement into interstate commerce. Congress voted a proposed law that would repeal this Supreme Court "legislation" and affirm its intent that only the interstate commerce in gas was the subject of the legislation of the original Natural Gas Act. Now that the President has vetoed this bill, the FPC supposedly is compelled to regulate the well-head price of gas.

In the first place, the Commission doesn't know what to do about a particular gas well which one day may sell gas for interstate use, and another for intrastate use. Its officials disclosed without saying in so many words, that they just cannot conceive how principles of regulation applied to an established utility can be applied to such a thing as local sales of gas.

It looks as though the working out of the regulation ordered by the Supreme Court will be a long time coming, a matter which probably will little bother opponents of this year's Gas bill, for they primarily were interested in winning a battle of the headlines.

Corporation Rate Switch Doubtful

With the refusal by the Senate Finance Committee to consider this proposition as part of the tax bill extender, the proposed switch in the corporation normal and surtax rates is considered most likely to fail this year.

Several members proposed that the "normal" corporation income tax rate applicable on the first $25,000 of income be switched from the present 30% to 22%, likewise reversing the "surtax" rate to 30% in place of 22%. This was argued as an aid to small business.

Treasury Secretary Humphrey is said to have protested that this switch would cost the Treasury $350 to $400 million. To offset this objection, Senator J. William Fulbright (D., Ark.) and several others proposed that the new "surtax" should be 31%, making the combined rate on corporation income over $25,000, at 53%. This would, they contended, avoid any loss in revenue.

The House Ways and Means Committee, it is understood, did not even consider this proposition as part of the tax bill extender. The effect of the Fulbright bill would be to raise taxes on corporations by and large. The Congress is unlikely to take this up as a separate proposition.

Chickens Are Smaller

Farmers Bulletin No. 2066 of the U. S. Department of Agriculture, entitled "Ornamental Game Breeds of Chickens," has this second sentence: "Chickens are small compared to cattle, sheep, and hogs." The intelligence is also communicated that chickens are obtainable at a lower cost than cattle, sheep, and hogs.

Farm Bill Fail?

Since this column of last week was written, the Senate added a few "compromises" of its own above the compromises offered by Secretary Benson to get the form of "flexible" price supports without their substance. It is now opined by the partisans of the Secretary of Agriculture and the White House, that these last-minute further dilutions of the sacred principle of the "flexible" supports will compel a veto, on the grounds that all can see it is a high-support bill in fact if not in name. In other words, the Administration could not accept this bill without, in a manner of speaking, having its nose rubbed in it.

This is not a prediction of a veto but a report of sentiment.

While you will not get any one to be quoted on it, there is pretty much a view on the Hill that the "soil bank" gadget must fail this year. The most potent motive for this, is of course, the Democratic desire that the Eisenhower Administration shall not be allowed to pass out great globs of cash in time to ensure a Republican victory next November in the farm states.

However, a good many Republicans and Democrats privately hope that in the interests of the country, this scheme will fail to get into operation in time this year. Even if the Congress had gone no farther toward high price supports than the generous distance Mr. Benson would go, the bill was in fact such a high support bill that its eventual cost would be enormous, they say. The thing would work, they contend, only if there were in fact a system of genuinely low crop price supports, much lower than even the Administration originally proposed.

Consequently, the sincere feeling of a good many members is that the best way out is to have this thing tied up so that it will fail to come into operation this year. In this way the country can be saved a billion dollars of needless expense, and next year, with the Presidential election out of the way, there can be some approach toward relative sanity.

Those who think along this line, as well as those who wish no good for the Eisenhower Administration, hope the farm bill will fail. If the President vetoes it, its chances of going into operation this year are regarded as zero. While Chairman Harold Cooley (D., N. C.), is publicly declaiming that the farm bill conference agreement will be ready after the Easter recess April 9, very few people take this date seriously. It is likewise doubted by the informed that the conference version of the bill can be any better from the administration viewpoint than the Senate bill, making a veto even more likely unless the Administration is willing to take any bill just to get the money rolling out.

Minnesota and Kefauver

Democrats and their journalistic stooges have been confidently interpreting the victory of Senator Kefauver in Minnesota over Adlai Stevenson as a sure sign of real discontent in the farm belt. In other words, the larger Democratic vote over the Republican vote is said to be an indubitable sign that farmers are discontented with the Administration's neglect of the poor farmer.

Three background factors, informed persons say, vitiate this too pat conclusion.

(1) Minnesota is a state which has a tradition of nonpartisanism and opposition to political boss-im. Consequently (and the daily press has brought this out pretty well) Minnesotans resent the idea that Senator Hubert Humphrey, who controls the Democratic-Farmer-Labor party, can dictate their choice for the Democratic nominee.

(2) Even good Republicans privately admit that party workers encouraged Republicans to go into the Democratic primary for Kefauver for the purpose of making life unhappier for the national Democratic party.

(3) The Farmers Union, which is the most "liberal" of the three major national farm organizations, is much the more entrenched farm organization in Minnesota.

Consequently, Minnesota may be by no means a mere expression of farm discontent with the Eisenhower farm policies.

[This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.]

BUSINESS BUZZ

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Business Man's Bookshelf

Business Expectations in the World Market — Dun & Bradstreet's 1956 International Business Expectations issue of "International Markets" featuring current dollar situation, imports and exports, local sales, local industrial activity, current inventories, and wholesale credits and collections — single copies $1.00 (one year subscription $5.00)—Department N 100, Dun & Bradstreet's International Markets, 99 Church Street, New York 8, N. Y.

Canadian Mining—Weekly publication providing contact with the mining fields of Canada — $7.50 per year; $4.50 six months —specimen copy on request—The Northern Miner, Toronto, Ont., Canada.

Disability Retirement in Industrial Pension Plans—W. Michael Blumenthal — Industrial Relations Section, Department of Economics and Sociology, Princeton University, Princeton, N. J. (paper), $2.

Effect on Minnesota of a Liberalization of United States Foreign Trade Policy — Business Executives' Research Committee — University of Minnesota, School of Business Administration, Minneapolis 14, Minn., $2.

Industrial Dispersal — Bureau of Business and Economic Research, University of Maryland, College Park, Md. (paper).

Savings Banks Fact Book: 1956— Savings Banks Trust Co., 14 Wall Street, New York 5, N. Y. (paper).

Security Dealers of North America —Completely revised 1956 Edition—Listing all stock and bond houses in United States and Canada—geographically arranged — Herbert D. Seibert & Co., Inc., 25 Park Place, New York 7, N. Y. (fabrikoid) $12.